

REPORT OF THE POWERLOOM ENQUIRY COMMITTEE

MAY 1964
(Vaisakha-Jyaistha, 1886)



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GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY

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MINISTRY OF INDUSTRY
GOVERNMENT OF INDIA



PLANNING COMMISSION
NEW DELHI

June 5, 1964.

Dear Shri Kanungo,

The Government of India had appointed a Committee to enquire into the problems of the Powerloom Industry in January, 1963. I have the pleasure of submitting to you the Report of the Committee.

2. On three occasions we had to request the Government for extension of time and the Members of the Committee are grateful to the Government for acceding to their request. This extension in time had to be sought because of the complicated nature of the enquiry and the absence of data which had to be specially collected in order to arrive at meaningful conclusions.

3. You will be happy to find from the Report that the role of the Powerloom Industry has not only been defined and analysed but the Committee has offered suggestions which would enable the Textile Industry to integrate the Mills, the Powerlooms and the Handlooms into a closely-knit and expanding structure of production.

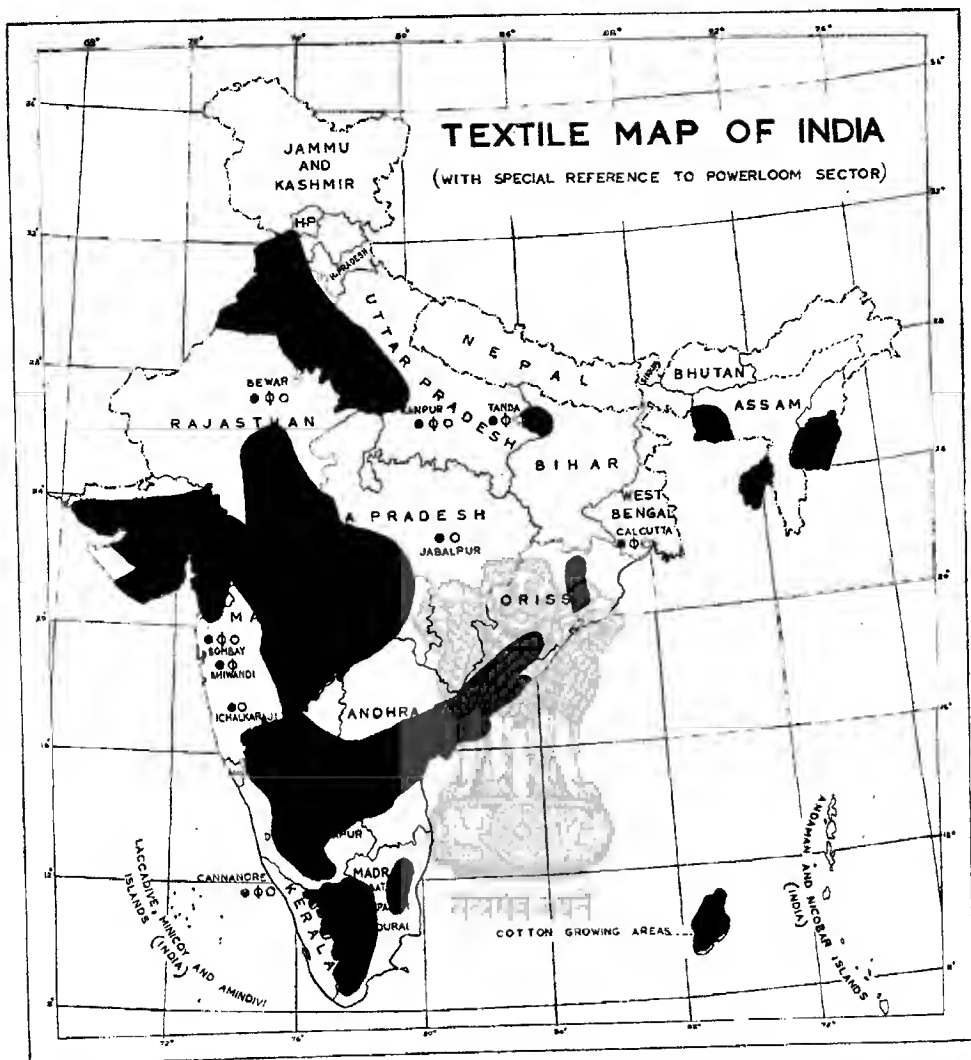
4. In July, 1963, the Government of India had asked the Committee to formulate proposals for the Fourth Plan about the requirements of textiles and further to indicate the production capacities of Handlooms, Powerlooms and the Mill Sector to be provided for in the Fourth Plan. It is a matter of deep satisfaction to us that the Committee has completed its deliberations on all the subjects and has been able to reach unanimous conclusions on matters of importance.

5. I would like to take this opportunity to put on record our appreciation of the sterling work done by Shri K. R. Aravamuthan, Member-Secretary of the Committee, and also of the tireless assistance provided to the Committee in the preparation of the materials and other work of the Committee by the picked staff that was put at its disposal by the Textile Commissioner. I hope you will be kind enough to convey to the Textile Commissioner the Committee's appreciation of the work done by the members of his staff.

Yours sincerely,
ASOKA MEHTA

Encl. : Report.

Shri Nityanand Kanungo,
Minister for Industry, Government of India,
New Delhi.



BLE NO. 1

STATES	POWERLOOMS		COTTON HANDLOOMS	MILLS No.	SPINDLES MILLION	LOOMS THOUSANDS
	COTTON	NONCOTTON				
J&K	765	647	5,01,496	36	0.8	1.2
PUNJAB	196	143	1,36,447	3	0.04	0.8
HARYANA	8,789	16,022	44,395	105	3.9	57.4
RAJASTHAN	550	206	1,08,410	15	0.2	1.0
GUJARAT	4,319	705	59,771	19	0.5	12.5
MADHYA PRADESH	3,975	4,010	5,25,096	185	3.4	8.2
BIHAR	51,368	22,816	1,30,035	92	4.2	80.0
WEST BENGAL	3,053	6,913	1,02,355	119	0.5	6.2
ASSAM	375	6	1,11,904	3	0.07	0.9
ARUNACHAL PRADESH	1,501	8,553	57,228	20	0.3	2.1
MIZORAM	137	37	41,060	15	0.3	2.9
TRIPURA	2,090	1,331	2,61,781	26	0.8	13.9
WEST BENGAL	3,499	601	1,54,698	35	0.7	10.0
BIHAR	1,377	253	998	8	0.2	4.9
ASSAM	185	-	3,338	3	0.09	2.3
ARUNACHAL PRADESH	-	-	5,03,383	2	0.02	-
MIZORAM	-	18	-	-	-	-
J&K	-	-	-	-	-	-
TOTAL	62452	83351	2786188	614	14.42	202.4

TABLE NO. 2 POWERLOOMS & HANDLOOMS IN CENTRES STUDIED

CENTRES	POWERLOOMS		HANDLOOMS	
	COTTON	NONCOTTON	COTTON	NONCOTTON
1.	2.	3.	4.	5.
MALABAR	25,048	-	13,000	-
FORAKHARAJI	5,400	-	10,000	-
SHIVNAGRI	18,000	2,000	-	-
SHOLAPUR	2,000	-	26,000	-
BURHANPUR	3,141	35	2,115	-
JALAPUR	1,230	-	1,842	-
SHRAT	333	18,423	8,000	-
KHARAPALTAM	576	426	4,000	-
MADURAI	730	36	8,000	-
ODDARALLAPUR	-	4,100	-	1,000
SHIVNAGRI	192	9,368	-	-
G. CALCUTTA	1,885	61	5,000	-
CARRABORE	386	127	4,000	-
TARA	259	517	6,000	-
TOTAL	53228	33148	81956	1000

COLUMN 4 + 5

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CHAPTER I

INTRODUCTION

The appointment of a Committee to enquire into the problems of the Powerloom Industry was notified in the Ministry of Commerce & Industry Resolution No. 10(2)TEX(C)/62, dated the 8th January 1963 issued in the following terms :—

“The Government of India have decided to set up a Committee to enquire into the problems of the Powerloom Industry. The terms of reference of this Committee will be :—

- (i) to examine the structure and growth of the powerloom industry with special reference to the types, holdings, ownership, appliances, supply of raw material, sorts of fabrics produced, processing of fabrics, marketing, financing and other factors relating thereto;
- (ii) to examine the remunerativeness of the powerloom industry taking into account the costs of production and efficiency of working and the conditions of workers;
- (iii) to consider the relative role to be played by the powerloom industry *vis-a-vis* that of the handloom and mill industry and to recommend targets of production;
- (iv) to account for the phenomenal growth of unauthorised powerlooms in the past and devise means to prevent future unauthorised expansion;
- (v) to examine the desirability and scope for the conversion of handloom co-operatives into powerloom co-operatives; and
- (vi) to make suggestions for the establishment of the powerloom industry on a stable footing within the field of operation which should be allotted to it.

The composition of the Committee will be as follows:—

- (1) Shri Asoka Mehta, 5, Dadyseth Road,
Babulnāth, Bombay-7. Chairman.
- (2) Shri A. R. Bhat, M.Com., M.L.C.,
President of the Federation of Associations of Small Industries of India and
Chairman of the Small Scale and Cottage
Industries Sub-Committee of the State
Advisory Council of Industries, Maharashtra, 256, Sadashiv Peth, Poona-2. Member.
- (3) Shri G. K. Devarajulu Naidu, Southern
India Millowners Association, Coimbatore. Member.
- (4) Nawab Aizaz Rasool, Vice President,
Uttar Pradesh Industrial Co-operative
Association, 2, Mall Avenue, Lucknow. Member.

- (5) Dr. D. K. Malhotra, Joint Secretary,
Planning Commission, New Delhi. *Member.*
- (6) Shri M. Somappa, President, All India
Handloom Fabrics Marketing Co-operative
Society, Bombay. *Member.*
- (7) Shri K. R. Aravamuthan, Director
(Economics & Statistics), Office of the
Textile Commissioner, Bombay. *Member-Secretary.*

The Chairman may specially invite other persons connected with the Textile Industry to attend the meetings.

The Committee is requested to forward its report to Government within a period of six months"

1.2. As the Committee proceeded with its work, it was found that the field to be covered was extensive. The Committee therefore addressed the Government on three occasions for extension of time. Government sanctioned the extension of time from six months to seventeen months for the submission of the report.

1.3. In July 1963, a communication was received by the Committee from the Government of India, Ministry of Commerce and Industry to the effect that "while the Powerloom Enquiry Committee was expected to make a critical review of the progress of the powerloom industry, its terms of reference did not cover an assessment of the position likely to be reached by the end of the Third Plan period or formulations of proposals for the Fourth Plan in the perspective and, wherever possible, of a fifteen year period 1966-81". The Government had therefore requested the Committee to cover these aspects also.

1.4. In regard to items (iii) and (vi) of the terms of reference, clarification was sought from Government as to whether the Committee would be free to touch on the possible adjustments in the capacity, production targets etc. of the mill sector and the handloom sector or whether the Committee should confine its recommendations so as to fit the role of the powerloom sector within the existing framework of the policies and plan programmes relating to the mill and the handloom sectors. The Government informed the Committee that, as may be considered necessary, "it might touch the question of capacities of handlooms, powerlooms and mill sectors".

1.5. The Committee felt that a study of the socio-economic aspects of the powerloom industry, although it was not explicitly mentioned in the terms of reference, was an integral part of a comprehensive survey of the working of the powerloom industry in the country. The Committee, therefore, included in its questionnaire a few questions on the role and impact of the powerloom industry on the social, economic, health and other conditions of workers. The subject is of considerable importance and a separate chapter has, therefore, been devoted in this report to the socio-economic aspects of the powerloom industry.

1.6. As the pattern of excise duties had acted as the main determinant in the growth, structure and ownership of the powerlooms in the country, the Committee furnished interim recommendations to the Government on the pattern to be adopted in future. These recommendations are incorporated in Chapter VIII.

1.7. The Committee held its first meeting in New Delhi on the 4th and 5th February, 1963. Shri Manubhai Shah, Minister of International Trade addressed the meeting and also participated in the discussions for some time. The

Method of enquiry

The Committee finalised a comprehensive questionnaire to be issued to the concerned interests in the country viz. all representative organisations, State Governments, Members of Parliament, Members of the local Legislatures known to be interested in the powerloom industry, labour unions, associations and persons interested in the subject. Wide publicity was given in a press note issued by the Committee to the appointment and terms of reference of the Committee and the attention of the public was invited to the questionnaire finalised by the Committee. A copy of the questionnaire is at Annexure I. Replies to the questionnaire were to be received by 15th April 1963. At the request of many associations and individuals as also some of the State Governments, for extension of time to send replies from time to time, the last date for receipt of replies was extended to 30th June 1963.

1.8. Wide publicity was also given to the Committee's tours so that all those interested in the enquiry could place their views personally before the Committee. The Committee undertook tours to the important powerloom centres in the country and held detailed discussions with the representatives of powerlooms, handlooms, textile mills, cloth and yarn trade, labour unions and others intimately connected with the day to day working of the powerloom industry in those centres. The Committee also held discussions with the concerned Central and State Government officials, representatives of local bodies, Members of Legislature evincing interest in the powerlooms and the concerned Ministers of State Governments. The object of these tours was to obtain first-hand information on the problems of the powerloom industry, the repercussions on the handloom and mill sectors, the impact of the growth of powerlooms on the social and economic aspects of life in the different centres, the working conditions of the powerloom weavers and other relevant aspects. In Annexure II is given a list of State Governments, Handloom Weavers' Associations, Powerloom Weavers' Associations, Textile Mills' Associations and other organisations who had sent in their replies to the questionnaire as also prominent persons who had submitted memoranda on matters connected with the enquiry.

1.9. At the concluding stages, the Committee had also the benefit of discussions with the Textile Commissioner, Secretaries and other Officers concerned of the Ministries of Industry and Finance, the Chairman of the Central Board of Excise and Customs, Members of the Planning Commission and the Minister of Finance.

1.10. In addition to the tours undertaken by the Committee, study teams were deputed to selected representative powerloom centres in the different parts of the country. The study teams were entrusted by the Committee with the work of collecting economic, statistical and costing data on the working of the powerlooms and reporting on all aspects including the growth of the industry, the incentives and inducements which facilitated the growth, the attitude of the weavers, the repercussions of the growth on the handloom industry in those areas, marketing and other arrangements and

the economics of working of the different sizes of powerloom units in the centres selected. A list of centres visited by the Committee and by the study teams is given in Annexure III. We have placed due emphasis on the reports of studies conducted and data collected by the study teams in the various centres. The study teams discussed the facts and figures with the interests concerned and their report provided useful information. These teams generally carried out their studies in different centres prior to the visits of the Committee so that their findings could be utilised by the Committee in discussions at those centres. The Committee was thus able to get a fairly comprehensive picture of the working of the powerloom industry in the different centres in the country.

1.11. We are grateful to the State Governments, the representatives of the powerloom, handloom and mill industries, the various organisations in the country who had taken pains to reply to our questionnaire or give evidence before us, as also those connected with the industry who, in their individual capacities, had come forward to give us the benefit of their views and suggestions. The Officers of the Central and State Governments in the different places visited by us had extended full co-operation in our enquiry and we are thankful to them. We wish also to express our thanks to Shri V. L. Mehta, former Chairman of the Khadi and Village Industries Commission and representatives of the Commission who gave evidence before us. Our thanks are also due to the Textile Commissioner and his Regional Officers, the Chairman, Central Board of Excise and Customs, the Excise Officers in the various centres visited by us, the Secretaries and Officials of the Ministries of Industry and Finance and the Members and Officers of the Planning Commission who gave us the benefit of their views, suggestions and assessment of the problems connected with our enquiry. We would particularly thank the concerned Ministers of the State Governments and the Union Minister of Finance who found time to meet the Committee and give the benefit of their views.

1.12. The Committee would like to place on record its appreciation of the tireless co-operation given to it in its work by the members of the staff that was put at its disposal by the Textile Commissioner. The Committee would like to mention the services rendered by Sarvashri M. Padmanabhan, R. Seshadri, S. Padmanabhan and C. S. Ramaswamy in the collection of extensive materials for the enquiry, in the processing of data as well as helping the Committee in formulating its set of recommendations. In the organisation of the work and in its successful conclusion, great credit goes to the vast knowledge and indefatigable industry shown by the Member-Secretary.

CHAPTER II

GENERAL REVIEW OF THE TEXTILE INDUSTRY

A.—Mill Sector.

2.1. The Textile Industry comprising the textile mills on the one hand and the largely dispersed handlooms and powerlooms on the other satisfies the clothing requirements of the country and, in addition, earns for the country substantial amount of foreign exchange through export of cloth. While the handlooms have been in the country from time immemorial, the textile mill industry started only in the second half of the nineteenth century and the powerlooms came even later. The first textile mill in the country was established in Bombay in 1854 with 30,000 spindles. There was a rapid increase in the number of spindles and by 1900, there were over 190 mills with about 50 lakh spindles and 40,000 looms. By the commencement of the First World War, the number of spindles and looms installed in the mill industry was 65·97 lakhs and 94 thousands respectively. The inter-War period witnessed a further expansion and by 1939 the spindles had increased to over 10 millions and looms to over 2 lakhs. During the Second World War, the expansion was almost negligible. Production in the mill industry during the war period was almost fully geared to the supply of cloth for Defence Services, thereby creating scope for the decentralised sector, particularly the handlooms, to cater to the needs of the civilian public in the country. With the advent of the planning era in 1951, the policy has been to fix production targets after taking into account the need for supporting village and small industries. In the textile industry, the handloom sector figures prominently in the allocation of plan targets for cloth production. The overall policy in fixing the production programme has been governed by the principles of :—

- (1) reservation of spheres of production ;
- (2) non-expansion of the capacity of the large-scale industry ;
- (3) imposition of a cess on the large-scale industry ;
- (4) arrangement for supply of raw materials ; and
- (5) co-ordination for research, training etc.

The targets fixed, therefore, limited the expansion of the mill sector and emphasis had been mainly on the stepping up of production in the decentralised sector, primarily the handlooms, so that the increased demand for cloth on account of the increase both in population and in the *per capita* consumption could be met by the decentralised sector. Installation of additional looms in the mill industry was confined to the extent found necessary for production of quality fabrics for export. After partition, the number of mills left in India was 356 with

10.07 million spindles and over 1.93 lakh looms. The growth of the industry since 1948 is given in Table I below :—

TABLE I

Year (as on 1st January)	(Spindles in millions)			(Looms in lakhs)		
	Composite mills			Spinning mills		
	Number	Spindles	Looms	Number	Spindles	Total Spindles
1948	268	8.50	1.93	88	1.57	10.07
1951	275	9.16	1.95	103	1.84	11.00
1956	291	10.19	2.03	121	1.86	12.05
1961	287	10.61	1.99	192	3.06	13.67
1962	285	10.61	1.99	196	3.19	13.83
1963	287	10.72	2.00	211	3.39	14.11
1964	291	11.11	2.02	223	3.56	14.67

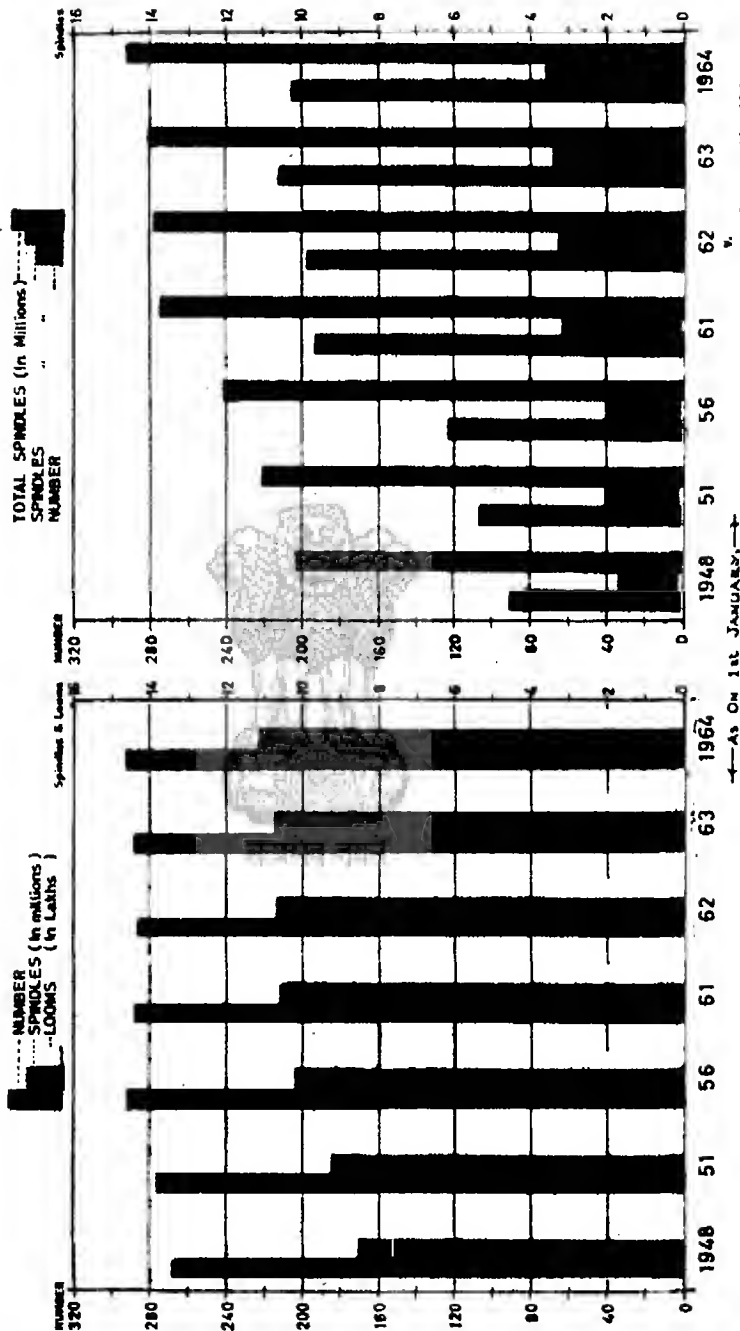
While there has been about 46 per cent increase in spindles, there has practically been no increase in looms since 1948. The industry was allowed to expand on the spinning side to cater to the ever-growing demands for yarn by the decentralised sector, mainly handlooms.

2.2. When the industry was not regulated under any specific pattern, it naturally sought its location in important cotton growing areas, near the ports, which had the facility for import of cotton and in the former Princely States, where special privileges and inducements by way of tax concessions and free land were available. The spinning mills tended to align themselves with the handlooms which provided a permanent and sizable market for the yarn produced. Thus, a large number of spinning mills sprang up in essentially handloom areas. All these developments resulted in regional imbalances in the location of the industry. At present Bombay and Ahmedabad together account for about 60 per cent. of the total weaving capacity of the textile mill industry. In consonance with the objective of balanced development of the different parts of the country and extension of benefits of economic progress to the less developed regions emphasised in the Third Plan, regional imbalance was sought to be rectified by allowing more spindleage capacity to those States which were backward in this respect. Thus, for the two million spindles allotted to the States for setting up of new spinning mills in the Third Plan period, all the States were classified into three broad groups according to the extent of development of the textile industry in them and larger allocations were made to less developed regions. States like

GROWTH OF MILL INDUSTRY

COMPOSITE MILLS

SPINNING MILLS



Andhra Pradesh, Bihar and Uttar Pradesh were given a larger allotment of spindles, while Madhya Pradesh, Kerala, Orissa, Punjab, Assam and Rajasthan were placed in the next category. Maharashtra, Gujarat and Madras, where the industry is more concentrated, were allotted relatively smaller number of spindles. A textile map of the country showing the current set up of the textile industry in the different regions is given as frontispiece. This map also gives the spatial distribution of the handlooms and powerlooms.

2.3. The mill industry at present consist of 514 mills of which 291 are composite and 223 spinning. The present installed capacity of textile mills in important centres of the industry is given in Table II below :—

Structure.

TABLE II

Centre	Number of mills	Number of spindles (in millions)	Number of looms (in thousands)
Bombay City	60	3.3	62.3
Ahmedabad City	68	2.2	43.3
Madras State	145	3.4	8.3
Kanpur City	11	0.5	11.0
Rest of Maharashtra	32	0.9	18.0
Rest of Gujarat	37	0.8	14.5
West Bengal	35	0.7	9.9

An important feature of the mill industry in the country is its vertical integration, the same mill having its own spinning and weaving equipment, except in the South where, on account of the concentration of handlooms, the industry has expanded on the spinning side only. The increase in the number of spindles in recent years without a corresponding increase in the number of looms may be explained as due to the deliberate policy of the Government in not permitting the expansion of looms in the mill sector. The composite mills which formed about 72 per cent of the total number of textile mills in the country in 1951 now account for only about 57 per cent of the total number. The policy of the Government had virtually limited the scope for vertical integration. With the growing preference of the consumers for better quality goods and processed and finished cloth, the marketability of the products depends to a large extent not only on the fineness of the texture but also on its finish brought about by the different methods of processing—dyeing, printing, sanforizing etc. While almost all the mills in Ahmedabad and a majority of mills in Bombay are equipped with full processing facilities, mills in areas like Uttar Pradesh, Madhya Pradesh and West Bengal are not generally equipped with such facilities.

2.4. The total yarn production by the mills and cloth production by composite mills and the decentralised sector (handlooms and Capacity, targets and production. powerlooms) since 1948 are given below :—

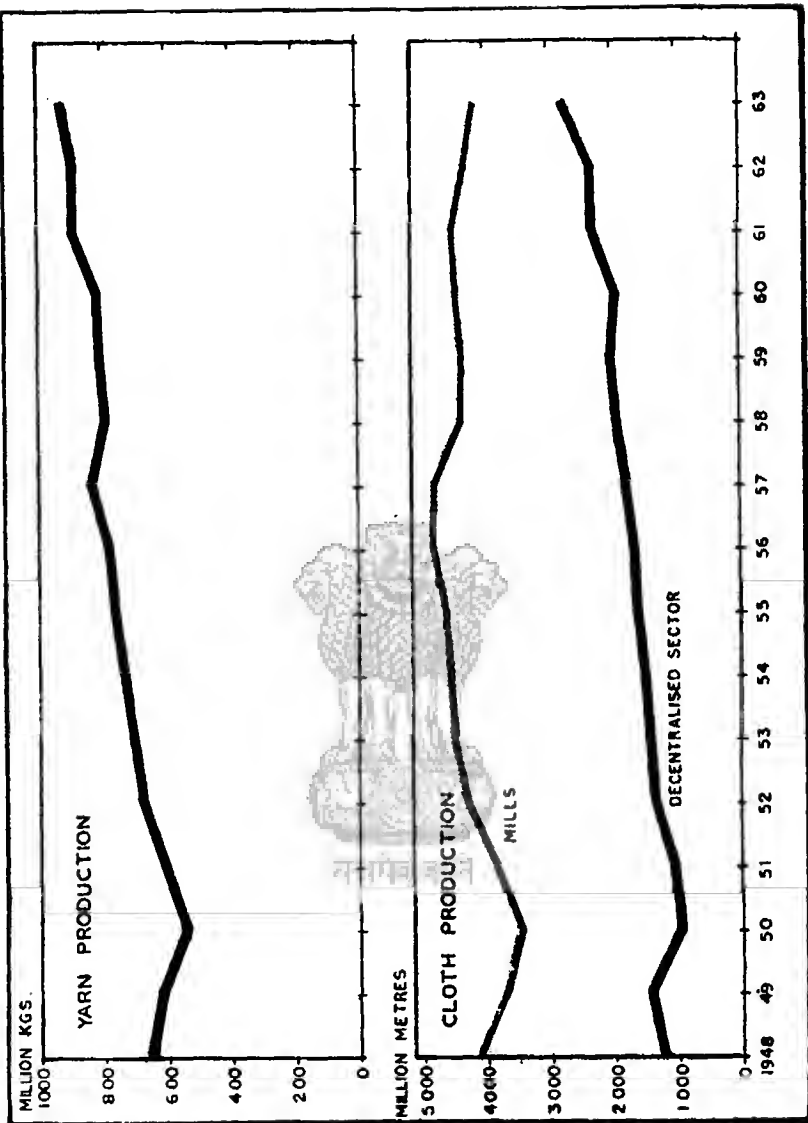
TABLE III

Year	Yarn production (million Kgs.)	Cloth production		Total
		Mills	Decentra- lised sector	
		(Million metres)		
1948	657	3,949	1,151	5,100
1949	616	3,570	1,381	4,951
1950	533	3,351	911	4,262
1951	591	3,727	1,014	4,741*
1952	657	4,204	1,311	5,515
1953	683	4,460	1,410	5,870
1954	708	4,570	1,510	6,080
1955	739	4,658	1,620	6,278
1956	758	4,853	1,663	6,516
1957	807	4,862	1,811	6,673
1958	764	4,505	1,967	6,472
1959	781	4,504	2,076	6,580
1960	788	4,616	2,013	6,629
1961	862	4,701	2,372	7,073
1962	859	4,560	2,412	6,972
1963	892	4,423	2,876	7,299

It will be seen from the above figures that the total yarn production by the mill industry recorded a rise of over 35 per cent since 1948, and cloth production by over 10 per cent. The total cloth production by the decentralised sector recorded an increase of over 150 per cent during the same period.

2.5. In the First Five Year Plan, it was assumed that the productive capacity then existing in consumer goods industries including cotton mill industry was more or less adequate to meet the increase in demand envisaged. The target for cloth production was fixed at 4700 million yards for the mill sector and 1700 million yards for the handlooms to be reached by the end of the Plan period. The mill sector was also required to produce 1640 million lbs. of yarn. In 1955, the Planning Commission constituted the Village and Small Industries (Second Five Year Plan) Committee in order to prepare, in the light of the provision made in the draft plan frame, a scheme for the utilisation of the resources to be earmarked for the purpose of development of these industries as an integral part of the Second Five Year Plan. The Committee was required to frame its scheme with the objective of having the bulk of the increased production during the Plan period of consumer goods in common demand from the village and small industries, progressively increasing the employment in these industries and organising production and marketing in the main on co-operative lines. The Committee recommended that, as far as the cotton textile industry was concerned, production by mills and powerlooms should be limited to the level already

GROWTH OF COTTON TEXTILE PRODUCTION



reached and that all the increased demand for cloth, which the Committee computed at 1700 million yards raising the total cloth production by all sectors to 8400 million yards, should be met by expansion of handloom production. The textile policy for the Second Plan announced in 1956, however, distributed the estimated production of 1700 million yards against the additional demand among the different sectors as follows :—

(1) Handloom industry from mill yarn	700 million yds.
(2) Handloom industry from Ambar Charkha yarn	300 million yds.
(3) Powerlooms by the introduction of 35000 looms in the handloom sector	200 million yds.
(4) Mills by introducing 18000 automatic looms specifically for export	350 million yds.
(5) Reserve for subsequent allotment	150 million yds.
TOTAL	<u>1,700 million yds.</u>

The progress of production both by the mill and the handloom sectors was reviewed by the Textile Enquiry Committee (1958), who considered that the target fixed for the organised and decentralised sectors should be pruned down to 8,000 million yards. The overall target fixed in the Third Plan for cloth production by the textile mills and the decentralised sector is 9,300 million yards, which would give on the basis of the latest population figures a *per capita* availability of 17·2 yards. The Plan provides for—

- (i) increase in the loom capacity of the Textile mills by 25,000 automatic looms specifically to produce quality fabrics for export ; and
- (ii) increase in the spindle capacity of the textile mill industry, both by allowing increase in the spindles in the existing mills necessary to balance the productive equipment in the different sections and by licensing new spinning units in the different parts of the country.

A total of three million spindles was covered on this basis of allocation. It is reported that a fresh appraisal made recently of the actual installation of spindles and looms, for which licenses had been granted, revealed a tardy progress. A decision was therefore, taken by Government to allow marginal expansion in the existing spinning and composite mills by about 7½ to 10 per cent in the spindle capacity and 10 per cent in the loom capacity. For the first time, the spinning units were also given the option to make themselves composite units by installing not more than 100 looms each. These measures are understood to have been taken in order to induce the industry to set up the required capacity with as little delay as possible, recognising the inevitable time-lag which takes place between the grant of licences for new units and the actual commissioning of capacity.

2.6. An increasing emphasis is being laid on the setting up of spinning mills in the co-operative fold in order to enable adequate supply of yarn of proper quality at reasonable prices to handlooms.

sarees and 50 per cent in mulls and dhoties. The decline in the working of handloom is attributed to the falling off in the demand for check sarees.

2.23 Bhiwandi near Bombay is yet another important centre for the powerloom industry. This centre had about 4,000 handlooms 25 to 30 years ago. But almost all these handlooms have now yielded place to powerlooms. **Bhiwandi** There are at present about 18,000 powerlooms working in this centre on cotton yarn. While the installation of powerlooms in Bhiwandi is stated to be even prior to the installation of powerlooms in Malegaon, i.e. prior to 1936, the actual growth of powerlooms in this centre has been rapid during the recent years only. The number of powerlooms in 1956 was nearly 1,020 on cotton and 638 on art silk. Proximity to Bombay which is the main all India market for raw materials, yarn and stores as also for cloth, offered special advantage to the powerlooms in Bhiwandi. The paucity of space and power supply in Bombay gave a chance to Bhiwandi as the nearest possible centre for the expansion of powerlooms. It has also been reported that some of the Bombay mills had set up their own agents who supplied yarn in sized beams from the mills and encouraged the setting up of powerlooms. Technical guidance and assistance for attending to repairs is also available in this centre being within easy reach of Bombay. Almost 80 per cent of the looms in Bhiwandi are reported to be working for master weavers, the owners of the looms being concerned with production while the finance and marketing are looked after by master weavers. Almost all the cloth produced in Bhiwandi is being processed in Bombay and generally by textile mills.

2.24. Surat in Gujarat has been for ages the oldest centre specialising in the manufacture of pure silk fabrics on handlooms. The textiles manufactured by the **Surat** Surat weavers were famous throughout the country and abroad for their fine quality, intricate design and workmanship. When electricity became available in 1922, enterprising handloom weavers of Surat started converting their handlooms into powerlooms by applying a pulley to their looms and making suitable adjustments in the machinery. The next stage was when the enterprising weavers replaced their handlooms by powerlooms with the second-hand or discarded looms of the cotton textile mills by making suitable changes thereon for working on pure silk. The powerlooms shifted to the weaving of art silk fabrics in the year 1935-36. Tracing the appearance of art silk yarn for weaving into fabrics as such it would seem to have made its way into India in the early thirties. The Tariff Board in their enquiry on the protection to the cotton textile industry in 1932, had recommended the imposition of a protective duty on art silk cloth also as it was found that "competition to Indian cotton fabrics was offered not only by imports of cotton fabrics but also by import of rayon (art silk) fabrics". The Working Group for art silk industry appointed by the National Industrial Development Corporation in 1960 had observed that it was as a result of the protective duty imposed on the import of cotton textiles that man-made fibre weaving industry sprang up and steadily expanded. As pure silk yarn became more and more costly, the weavers switched on to art silk weaving with

So far 58 co-operative spinning mills with a total capacity of about eight lakh spindles have been licensed in the different parts of the country, of which fourteen mills with a total capacity of about two lakh spindles have gone into production. The broad set-up of the textile industry, therefore, would be :—

- (1) Textile spinning mills ;
- (2) Textile composite mills ; and
- (3) Textile spinning mills run on co-operative lines for handloom and powerloom weavers.

2.7. One important factor governing the size of textile mill units is the economic capacity of the units. It has been recognised that the minimum economic capacity of a composite mill should be 12,000 spindles and 300 looms. It has also been recognised that while this is the minimum economic capacity, the number of spindles should eventually be increased to 25,000 for attaining maximum economy. For mills having less than this capacity, expansion of spindles to reach this level has also been recently allowed. There is also a growing emphasis on the installation of automatic looms which would produce quality cloth.

2.8. Broadly speaking, the pattern of cloth production by mills in the country is that, out of the total production of about 4,500 million metres, coarse cloth forms 18 per cent., medium B 30 per cent., Medium A 41 per cent and fine and superfine together 11 per cent, which is almost divided equally between fine and superfine. The textile mill industry is providing direct employment to about 9 lakhs of workers and the total capital employed by the industry has been estimated to be of the order of Rs. 450 crores, about 50 per cent of which would constitute the net block. The industry requires to be rehabilitated on a large scale. There is also a pressing demand from the industry for installation of automatic machines including looms which will have the effect of reducing the cost of production and improving the quality of goods both from the point of view of the consumers in the country and for sale in competition in the foreign markets. The Working Group for the Cotton Textile Industry appointed in 1959 by the National Industrial Development Corporation to estimate the requirements of the industry for rehabilitation came to the conclusion that, for a complete renovation, it would cost nearly Rs. 800 crores at the then prevailing level of prices of machinery.

B—Handloom Sector.

2.9. The handloom industry is the oldest industry in the country. From the point of view of its size and the number of persons depending on it, the industry ranks next only to agriculture. The handlooms had played a very important role for centuries in clothing the millions in the country and had also established reputation in exports. The Indian muslins had attracted the buyers in foreign markets, viz., Egypt, Greece, Rome and other countries. The traditional skill of the handloom weavers was being passed on from generation to generation and preserved as a valuable asset. The handloom industry had its own ups and downs, particularly after the advent of power weaving, when it had to face the competition with cloth manufactured

Background.

by the use of power and by mass production methods at much lower cost. Confining our attention to the vicissitudes of the industry during the recent times, the handlooms did receive an impetus in the Second World War, as bulk of the internal demand for cloth was left to be catered to by this sector, the mill sector having been geared to meet the Defence supplies. The handlooms, however, suffered a setback in the post-war period when the production of textile mills was rediverted for internal needs. As a first step to arrest the set-back, in 1950, the Government of India initiated a policy of reservation of fields of production for the handloom industry by placing restrictions on the mills and larger powerloom units prohibiting them statutorily from the manufacture of dhoties with borders containing coloured yarn and exceeding $\frac{1}{4}$ " width or use of jari or art silk, or silk yarn on dhوتي borders. Production of any Lungi, sarang or gumcha with a check pattern or any cloth with check pattern and having a width between 42" and 52" from which lungis, sarangs and gumchas could be made and production of chaddars, bed sheets, bed covers, counter panes, and any thing of checked or striped pattern was prohibited. There was restriction on the manufacture of low reed pick cloth by the mills and also sarees with 2 $\frac{1}{4}$ inches border width or having imitation or real jari in the borders. In spite of these reservations, the handloom industry suffered a crisis in 1952, when there was a large scale accumulation of cloth resulting in wide unemployment and distress to the weavers. This was followed by the appointment of a Textile Enquiry Committee with Shri Nityanand Kanungo as Chairman in November, 1952. This Committee was entrusted with the task of examination, *inter alia*, of the assessment, if possible, of the extent to which each of the three sectors—mills, handlooms and powerlooms—may be utilised for the production of cotton textiles. Almost simultaneously the Government of India constituted the All India Handloom Board with the Textile Commissioner as Chairman to advise Government generally on the problems of the handloom industry and to examine schemes for the improvement and development of that industry. As a matter of immediate relief to the handloom industry, Government issued orders restricting the monthly production of dhoties by the mills to 60% of their average monthly packings during the twelve months ended March, 1952 and prohibiting piecedyeing of sarees by mills. The Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act was passed in 1953, levying an additional excise duty on mill made cloth for the purpose of developing the khadi and handloom industries and promoting the sales of their products. The fund created out of the proceeds of the levy under this Act, known as the Ccss Fund, was meant among other things for—

- (a) undertaking, assisting or encouraging khadi and other handloom industry ;
- (b) encouraging the adoption of improved methods of manufacturing khadi and other handloom cloth ;
- (c) encouraging and developing research in the technique of production of khadi and other handloom cloth and in the art of designs relating thereto ;
- (d) maintaining or assisting in the maintenance of institutes for the development of khadi and other handloom industries;

- (e) promoting the sale and marketing of khadi and other handloom cloth;
- (f) fixing the grades and standards of khadi and other handloom cloth and enforcing quality control; and
- (g) promoting and encouraging cooperative effort among manufacturers of khadi and other handloom cloth.

2.10. We are informed that the various measures of assistance given to the handloom industry amounted in financial terms to Rs. 9.7 crores in the First Plan and to about Rs. 29.0 crores in the Second Plan. The estimated provision for the Third Plan is stated to be Rs. 34.0 crores. Financial assistance given by way of grants and loans was routed through the State Governments and co-operative societies. Emphasis was placed on the bringing in of as many weavers as possible into the co-operative fold. The organisation of weavers on the co-operative basis formed the fulcrum in the implementation of the different developmental schemes for the handloom industry.

2.11. In 1942, the Fact Finding Committee appointed by the Government of India under the Chairmanship of Dr. P. J. Thomas reported that there were 20 lakh handlooms then existing in the country, with 14 lakh looms employed on cotton yarn, 3.25 lakh looms on silk, the remaining on wool, art silk and other mixed fabrics. The Textile Enquiry Committee (Kanungo Committee) 1954 placed the estimate of cotton looms at 20 lakhs. Allowing for 4.5 lakh looms located in Assam, consisting of domestic looms employed by the members of the family for non-commercial purposes, the size of the handloom sector employed on commercial basis was placed at 15.5 lakhs.

2.12. The Government of India, however, considered that a factual appraisal of the exact size of the industry by enumeration and registration was necessary in order to assess the magnitude of the problems of the industry. In 1956, therefore, the State Governments were asked to register all the handlooms. This registration, spread over a period of more than three years, revealed the strength of handloom sector at 28.8 lakh looms employed on cotton yarn, the State-wise details being as under :—

TABLE IV

State	No. of registered handlooms (in lakhs.)
Andhra Pradesh	4.02
Assam	5.06
Bihar	1.39
Gujarat	0.46
Kerala	1.08
Madhya Pradesh	0.59
Madras	5.16

State	No. of registered handlooms (in lakhs.)
Maharashtra	1.59
Mysore	1.02
Orissa	1.12
Punjab	0.57
Rajasthan	0.41
Uttar Pradesh	2.62
West Bengal	1.51
Manipur	2.00
Other areas	0.18

A large percentage of the looms in Assam and Manipur are mostly worked on non-commercial and domestic basis. Thus, the effective strength of the handloom industry according to the registration is of the order of 22 to 23 lakhs, with the heaviest concentration in Madras and Andhra Pradesh.

2.13. The handloom industry is essentially a household and cottage industry. The industry, as it stands now, organisationally, can be dealt with under two heads—(i) that part of the industry which has been brought into the co-operative fold; and (ii) that which is still working outside the cooperative fold. The ideology behind bringing the handloom weavers in the co-operative fold is to wean them away from the rigours of the master weaver system. Owing to the dispersed nature of the handloom industry, the small financial resources of the handloom weavers and the precariousness of the market the institutional arrangements for the financing of the handloom industry acquired considerable importance. The Textile Enquiry Committee (1954) had observed: "The Committee is anxious to see the middlemen abolished as far as possible with a view to eliminating the exploitation of the primary producer", although the Committee had also observed that "the master weaver has fulfilled and is fulfilling a necessary function with regard to the handloom industry. The institution of the master weaver and the manner in which he works lends great elasticity to the marketing organisation of the handloom industry. It cannot be denied however that because of the private enterprise character of this agency, at the first sign of trouble, the handloom weaver begins to be squeezed and ultimately to be rendered unemployed over stretches of time depending on the duration of the recession or other adverse economic climate. From this point of view, it is very desirable that the handloom weaver through the length and breadth of the country should be organised into a sound co-operative fabric in such a way that the society keeps the weaver employed at a reasonable wage steadily in good times and in bad and the weaver, for his part, is pledged to purchase his raw materials, dyes etc. from the society and market as much of his products through the society as it can handle". The Handloom Board also considered that, as an organising principle, and as a practical method of achieving lasting benefit in so far as a disorganised and exploited industry like the

handloom industry was concerned, there could be no better alternative than that of co-operative enterprise. The organisation of weavers in the co-operative fold, construction of housing colonies to facilitate working of handlooms in the weavers' own cottages and other various measures of assistance were devised so as to preserve this household and cottage character and develop the industry to give the weavers better earnings. Under the Government of India's scheme over 11,600 handloom weavers co-operative societies are reported to have been formed in the different parts of the country covering about 13.6 lakh handlooms, the actual number of weavers in the co-operative fold being 12.7 lakhs. This is more than 50 per cent. of the total number of looms on commercial basis.

2.14. According to the information available with the Textile Production pattern Commissioner, the broad pattern of production by handlooms is :—

TABLE V

Type of cloth	Percentage to total production
Dhoties	23
Sarees	26
Shirting and coatings	8
Bedsheets	4
Towels	8
Others including lungies, Sarangs, Madras Handkerchiefs, Bleeding Madras etc.	31

Thus the broad pattern of production by the handloom industry is that dhoties and sarees together constitute about 50% of the total production, almost equally divided between the two.

2.15. Handlooms located in the different parts of the country adopt their own pattern of manufacture of cloth. While some States like Madras and Uttar Pradesh have diversified pattern of production, States like Andhra Pradesh, Kerala and Maharashtra are specialising only in particular products. 75 per cent of the handlooms in Andhra Pradesh are employed on sarees and dhoties, of which almost one-third is in dhoties. Madras produces about 46 per cent of its total production in sarees and dhoties in the ratio of 2:1. In Uttar Pradesh the production of sarees and dhoties is about 30 per cent of the total production equally divided between the two. Kerala produces 15% of its production in dhoties with very negligible percentage in sarees. In Maharashtra and in West Bengal a major portion of the production consists of sarees. In Uttar Pradesh and Kerala shirtings and coatings form a major line of production. The production of towels and gumchas in Madras, Uttar Pradesh and Kerala is almost about 11 per cent of the total production in each State. Thus we get a picture of concentration of saree production in Andhra Pradesh, Maharashtra and West Bengal, dhoty production in almost all the major handloom centres, specialised production covering

shirtings and coatings in Uttar Pradesh and Kerala, specialisation of lungies in Madras, durries in Uttar Pradesh, towels in Madras, Uttar Pradesh and Kerala and bedsheets in Madras and Uttar Pradesh.

2.16. The various measures implemented by the Government of India for developing the handloom industry are designed to improve the earnings of the weavers by providing better techniques of production by the handlooms and improving marketability by means of better finishing and marketing assistance, rebates etc. These measures no doubt had the effect of stabilising the handloom industry and instilling in the minds of weavers a sense of confidence. The bringing in of a large number of weavers in the cooperative fold with its attendant element of loyalty to the institution was the main factor which contributed to the organisational stability to such an extent that, quite apart from other aspects, the tendency has been for the handloom weavers to expect establishment of cooperative spinning mills exclusively for their benefit for the supply of yarn of the desired counts. There has also been a greater and greater pressure of demand on the supply of yarn of finer counts, particularly for the manufacture of dhoties and sarees. The Textile Commissioner has reported to us that under a scheme, which enables distribution of about 20 per cent of the total yarn availability to the weavers in the cooperative fold at ex-mill prices direct from mills, about 20,000 bales of different counts of yarn are being supplied every month. It is also stated that this reflects broadly the pattern of consumption of yarn of different counts by the handloom weavers, as the distribution covers the requirements of weavers in the different parts of the country. Expressed in percentages, the demand for yarn of various count groups is as under :—

Upto 10s	4%
11s to 20s	30%
21st to 30s	22%
31st to 40s	32%
Above 40s	12%

Due to consumer preference for finer fabrics, the demand of as much as 32% is in counts 31s to 40s and 12 per cent in counts above 40s, which would indicate that the trend in production of the handloom industry is for weaving of finer fabrics. This pattern has to be viewed against the pattern of yarn deliveries by the mills for consumption by the decentralised sector.

2.17. In estimating the capital structure of the handloom industry in the country, it is to be borne in mind that the industry is labour intensive. In the report of the survey of the handloom industry in the Madras State conducted by the University of Madras in 1955-56, it has been observed that "the problem of finance in the handloom industry has scarcely received the attention it deserves. The argument that handloom industry is labour intensive, advanced *ad nauseum* to further the cause of employment has unwittingly contributed to belittle its needs of finance. It is no doubt true that finance

required for fixed capital consisting of the handloom and other appurtenances is small—usually less than Rs. 100, but the finance required for working capital for the purchase of yarn and other requisites is of same order as in the mill sector and that amount of capital is required every month, a fact which renders it a disproportionately heavy burden on the handloom weaver”.

2.18. It has been reported to us that the working capital loans advanced by the Reserve Bank of India in the context of the present price levels are at Rs. 500 per cotton loom. In addition, we are informed that the All India Handloom Board advances loan of Rs. 218 to cover expenditure for replacement or conversion of old looms into new looms. Assuming a modest figure of investment at Rs. 150 per loom as the capital invested in the industry and on the basis of 22 lakhs of commercial looms in the country, the fixed capital invested will be about Rs. 33 crores. In addition, the working capital requirements on the basis of Rs. 500 per loom—whether financed by the Reserve Bank of India for the weavers in the co-operative fold or by master-weavers and private financiers—for weavers outside the co-operative fold, would easily aggregate to Rs. 75 crores, even assuming that in terms of full working there are 15 lakhs handlooms in operation in the country. This represents the need of the industry rather than the actual availability of finance. On this basis we get a figure of total capital employed in the handlooms on cotton yarn at Rs. 100 to Rs. 110 crores.

C.—Powerloom Sector.

2.19 There are no authentic records to indicate the first introduction of powerlooms in the country. The Fact Finding Committee (Handlooms and Mills) 1942 reported that while it was extremely difficult to collect accurate statistics of powerlooms from the brief estimates received from the different sources, an estimate of the number of powerlooms in the country at that time could be put at 15,000 for the whole of India. Neither the locational distribution nor the pattern of growth has been uniform. We have, therefore, tried to obtain information on the growth in the important powerloom centres.

2.20. From the data collected by the study teams, it is clear that establishment of powerlooms in Ichalkaranji dates back to 1904.

Ichalkaranji The Jagirdar of Ichalkaranji, which was then a small village, fostered the growth of the weaving industry by giving financial assistance to set-up looms by granting tax concessions, providing cheap buildings, lands etc. The First World War brought a spell of prosperity both to the handlooms and to the infant powerloom industry in the town which attracted many to the powerloom industry. These powerlooms were specialising on the production of multi-coloured “patal” sarees made out of imported yarn which found ready market in the neighbourhood. It was reported that though the progress of installation of powerlooms in Ichalkaranji was slow up to 1929, in the early thirties many middle class people purchased a large number of second-handlooms discarded by the textile mills in Bombay and Ahmedabad at low prices from Rs. 150 to 175 per loom. Thus, Ichalkaranji went ahead with rapid expansion. The traditional handloom weavers were attracted to the weaving on powerlooms because

of the low expenses and higher margins of profit. The exemption of the small powerlooms from the restrictions imposed on the bigger units in the matter of producing varieties reserved for the handlooms encouraged the powerlooms in this Centre to grow further. Since 1956 powerlooms however shifted their production to grey fine and superfine dhoties and mulls, leaving the handlooms in that centre the full benefit of production of specialised varieties of sarees. Both handlooms and powerlooms have recorded almost simultaneous growth in this centre.

2.21. Sholapur in Maharashtra State is a typical centre where mills, handlooms and powerlooms have developed in different stages side by side. The handloom industry in this
Sholapur centre has been in existence for a considerably long time catering to the needs of the local population. Next came the textile mill industry by the establishment of the first mill over fifty years ago. Between the First and Second World Wars, the organised textile industry began to move to this centre taking advantage of the availability of skilled weavers from handlooms, cotton from the nearby cotton producing areas and cheap labour. The mills were set up generally with second-hand machinery purchased from Bombay and Ahmedabad. It was reported to us that the intensive working of the machinery in the mills during the Second World War resulted in considerable wear and tear of the second-hand looms and they almost became junk and had to be replaced so as to meet the requirements of the post-war era. The powerloom industry received a fillip as a result of the mills throwing out their looms for replacement. The large scale labour trouble and closure of mills in Sholapur during 1950-55 resulted in the weavers being thrown out of employment. There was incentive for setting up more powerlooms as a result of these old weavers buying the powerlooms thrown out from the mills and setting up small independent powerloom establishments. The merchants and traders were quick in taking advantage of this position and gave financial aid for purchase of powerlooms on the personal security of the weavers. It is reported that there are at present 28,000 registered handlooms in Sholapur district of which about 20,000 are in Sholapur City itself supporting nearly one lakh persons; 6,500 powerlooms installed in the textile mills and 2,000 powerlooms in private establishments. The handlooms are run on cotton yarn and manufacture mostly coloured sarees. The growth of powerlooms does not seem to have adversely affected the handloom industry in this centre. The powerlooms are engaged in the production of jacquard chaddars which is a specialised item which previously the handloom weavers were producing on pedal looms. Production of this type of chaddar on the pedal looms was reportedly causing heavy strain and chest pain making the weavers incapable of continuing in the profession beyond a period of ten years. The powerlooms therefore came in place of pedal looms and had the advantage of relieving the strain on the weavers. The Jacquard and Dobby chaddars produced on powerlooms in Sholapur city have great demand both within the country and in export markets in East Africa and the Middle East. The powerlooms provide employment to 5,000 weavers in Sholapur. The municipal authorities have also been encouraging the setting up of powerlooms for the

reason that the octroi collection constitutes a very good source of municipal revenue. No conditions or restrictions were placed in the matter of location for installation of powerlooms. It was reported that out of the total income of the Municipality of over Rs. 1 crore, Octroi constitutes nearly Rs. 35 lakhs. It is noteworthy that powerlooms in this centre have come up in spite of the fact that the looms had to work on oil engines.

2.22. Malegaon in Nasik district of the State of Maharashtra stands out as one of the most important powerloom centres in the country with a concentration of 18,000 powerlooms. This centre was essentially a handloom weaving centre, weaving predominantly coloured sarees. The first powerloom factory was established in 1933. The factory was started with 10 looms and as electric power was not available, the looms were worked with the help of diesel engines. By 1938, power became available and provided inducement for the growth of powerlooms. By 1940, the number of powerlooms increased to 2,000 and by 1943 to over 3,000. The industry had prosperous times during the War and later during the period of control on cotton textiles. The establishment of common weaving sheds and equipping such sheds with high power diesel engines for generation of power became a common feature in this centre. The first weaving shed in the town was set up in 1950 housing 24 looms. Many entrepreneurs flocked into the field encouraged by the prosperity of the industry and more and more common sheds sprang up. Some of the sheds were only of *kutchha* construction. The growth of powerlooms in this centre has been rapid as could be seen from the following figures :—

Year	No. of powerlooms
1936	10
1938	500
1940	2,000
1943	3,000
1948	4,000
1951	5,000
1956	6,300
1963	18,000

Out of the 18,000 powerlooms in existence, only 4,000 powerlooms are running on electric power and the remaining powerlooms still continue to work mostly in common sheds on shafts driven by diesel engines. At its peak, the handloom industry in Malegaon contained 6,000 looms but there has been a falling off in the strength of handlooms. The registered looms are now reported to be only 3,000 of which not even 1,000 could be considered as active. The handlooms were manufacturing mainly coloured check sarees in which there is no competition from powerlooms. About 50 per cent of the production of the powerloom industry in Malegaon is in plain

almost a simultaneous process of steady conversion of the handlooms into powerlooms. The progress of conversion of silk handlooms into powerlooms for weaving art silk fabrics was conditioned mainly by the availability of art silk yarn. During the Second World War, the growth of art silk industry was checked as the supplies from the principal art silk yarn manufacturing countries like Italy and Japan came to a standstill; as a consequence, the powerlooms had to switch over to cotton. The progress and the growth of art silk powerlooms in Surat has been very rapid, particularly since 1951 when indigenous capacity for art silk yarn was developed. The following figures indicate the growth :

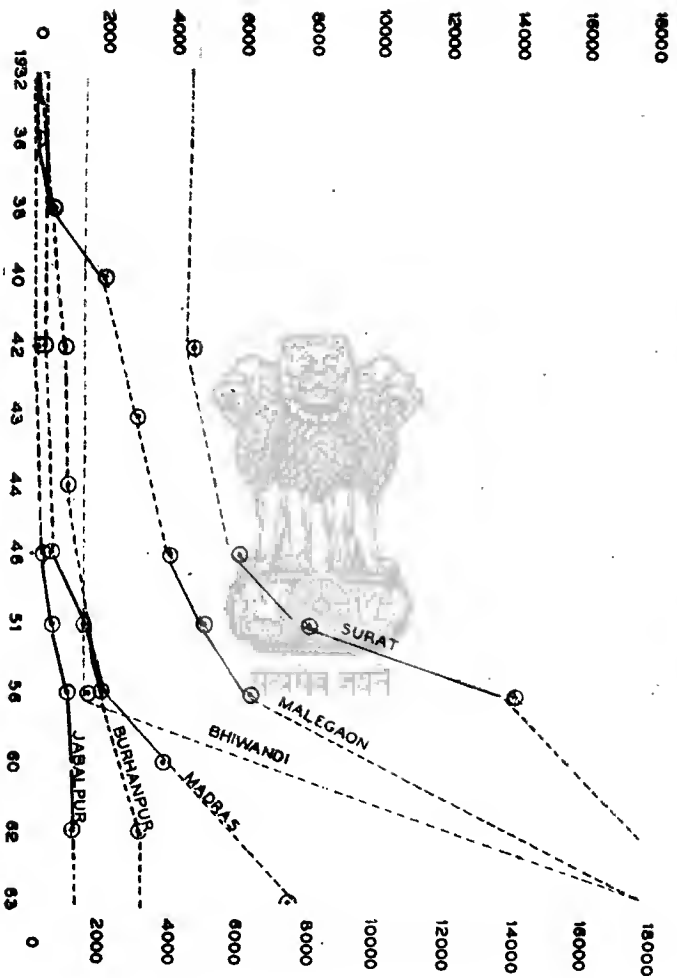
Year	No. of powerlooms
1942	4,600
1948	6,000
1951	8,000
1956	14,000
1962	18,000

2.25. Burhanpur and Jabalpur in Madhya Pradesh are the two important powerloom centres in that State. Burhanpur is also an important handloom centre. Almost the entire weaving population of the town was originally working on handlooms only. Even to-day the powerlooms and handlooms are located side by side and intermingled. Many of the handloom weavers own powerlooms. There are 3,141 powerlooms and 2,516 handlooms at present. Unlike in Sholapur, the number of handlooms in Burhanpur has gradually come down from 7,000 in 1951 to 2,500 in 1962. This decline is not entirely attributable to the setting up of powerlooms as it was reported that figures of handlooms were inflated particularly during the war years for the benefit of getting yarn at controlled rates, as the distribution of yarn was on the basis of the number of looms. But still it is a fact that there has been a decline and even now out of 2,500 handlooms, only about 1,000 handlooms are reported to be in actual production. The powerloom industry in Burhanpur started in 1932 when electric power was first made available to the town. The growth of the industry since 1932 was gradual till 1956 but between 1956 and 1962 it was quite substantial with an increase of over 50 per cent. The year-wise figures are given below :—

Year	No. of powerlooms
1932	50
1942	900
1944	1,000
1956	2,000
1962	3,141

2.26. The setting up of powerlooms in Jabalpur dates back to 1942 and the growth since then has been gradual, the total number

GROWTH OF POWER LOOMS IN VARIOUS CENTRES



Jabalpur

of powerlooms at present being about 1,250 as will be seen from the following figures :—

Year	No. of powerlooms
1942	60
1948	300
1951	600
1956	1,100
1960	1,200
1962	1,250

In addition, there are 1,942 handlooms and most of them are idle; only 150 handlooms are reported to be working. Almost all the powerlooms workers were handloom weavers and the inducement for setting up of powerlooms was provided by the availability of powerlooms from a local composite mill which had gone into liquidation and which were available at cheap rates of about Rs. 200 to Rs. 250 each. The decline in the working of handlooms was not so much due to installation of powerlooms as to the availability of alternative occupations like beedi rolling where a worker could get Rs. 3 per day as against Rs. 50 to 70 in a whole month for working on handlooms. This took away any enthusiasm left for working on handlooms.

2.27. The largest concentration of powerlooms in Uttar Pradesh is in Faizabad district, the town of Tanda itself accounting for about 1,500 powerlooms. Most of these powerlooms were

Tanda

installed during recent years without any permit. Tanda has been a prominent handloom centre in the past and the powerlooms installed there were mostly acquired by the handloom weavers desirous of taking to powerlooms. There are about 6,500 handlooms in addition to the 1,500 powerlooms in this centre. Most of the powerlooms establishments have only one or two looms each and are operated in the residence of the weaver-owners. Almost all the looms are employed on the weaving of staple fibre fabrics.

2.28. The cotton powerlooms in Madras State are mostly producing *gada* cloth (grey sheeting) while the handlooms are employed on the production of dhoties, sarees, shirtings, coat-

Madras State

ings and towels. The looms employed on non-cotton yarn produce sarees and plain pieces in addition to ribbons, labels etc. The growth of powerlooms in the Madras State has been as under :—

Year	No. of powerlooms employed on			Total
	Cotton yarn	Non-Cotton yarn	Non-fabrics (Tapes, ribbons etc.)	
1942	210	60	..	270
1948	421	135	..	556
1951	659	860	..	1,519
1956	803	1,203	73	2,079
1959	1,360	1,721	760	3,841
1963	3,745	2,253	1,462	7,460

Madurai, Virudhunagar, Rajapalayam, Salem, Komarapalayam and Coimbatore form the major centres of powerloom concentration in the State of Madras. The earliest installation of powerlooms was in Madurai in the year 1928 in a factory with six looms which increased to 83 looms in 1940. The growth of power looms in Virudhunagar and Rajapalayam has been in the shape of large sized powerloom factories with the necessary preparatory and finishing equipments including winding, warping, sizing and calendering. The recent trends, however, in Madras have been for the setting up of smaller units of powerlooms which entirely depend on outside sizing for the supply of yarn in sized beams and for processing and marketing. The only item of work done in these small powerloom establishments is the actual weaving of the cloth in grey state. The two important centres Peelamedu and Somanur in Coimbatore district furnish evidence of the pattern of the recent growth in the powerloom industry. Komarapalayam in Salem District is specialising in the production of art silk fabrics, ribbons, labels, tapes wicks etc. This is also an important centre of handlooms with about 4,000 handlooms. The earliest powerloom factory started in this centre was in 1933 for making tapes and wicks. A powerloom factory for the manufacture of cotton fabrics with 14 looms was set up in the early forties. At present there are 428 looms most of which are employed in the production of art silk fabrics. The looms were mostly obtained from Bangalore. As power connection was readily available, the handloom weavers went in for powerlooms prompted by the desire to increase their earnings. In addition, 14 factories with 97 looms are employed on cotton tapes; 25 factories with 750 looms are engaged in the production of art silk ribbons and labels. The handlooms are mostly employed in the manufacture of duries and carpets both on cotton yarn and art silk.

2.29. The largest concentration of powerlooms in Kerala is in Cannanore, which is also the centre where the earliest powerloom factory, now having 312 looms, was established in 1911 by a German Christian mission. The later developments of the powerloom industry in Kerala were also mainly in Cannanore, in the form of medium-sized factories. There are 9 powerloom factories in the centre accounting for 608 looms including 79 looms employed on staple fibre. Kerala State also took up enthusiastically the installation of powerlooms in the handloom cooperatives under the "conversion scheme" and 1,026 looms are reported to have been allotted to the different districts in the State. A significant feature in the State is the total absence of the installation of powerlooms in an unauthorised manner.

2.30. Bangalore and Doddaballapur are the important powerloom centres in Mysore State. The growth of powerlooms in Mysore State should be attributed to the plentiful availability of electricity in the State. There are about 18,000 powerlooms working in the State with the heaviest concentration in Bangalore and Doddaballapur. Both these centres together account for as many as 12,700 powerlooms. According to the information furnished by the powerloom industry of the State, about 9,000 powerlooms are employed on art silk weaving, 1,750 on pure silk and the remaining 7,250 on cotton. Mysore State has also a sizeable strength of handlooms with 1.02 lakh looms, some of them

specialising in silk fabrics. The Power projects in the State started supplying power for industrial and agricultural expansion more than two decades ago. It is reported that the demand for power from the agricultural sector was not large and the handloom weavers took advantage of the opportunity and started the installation of powerlooms to obtain better production and higher wages. There was indigenous loom manufacturing capacity in the State which facilitated the growth of the powerloom industry in and around Bangalore city and Doddaballapur town. Initially these powerlooms were working on cotton and pure silk fabrics, which had a fairly good demand. The introduction of art silk in the market opened a new phase in the growth of the industry and as production of art silk fabrics proved very remunerative, most of the powerlooms switched over to art silk weaving.

2.31. In West Bengal, the origin of powerlooms dates back to the early thirties and most of the units set up were relatively large-sized, styled as "non-spinning mills". In 1951, there
West Bengal were 1,500 looms which increased to 2,200 looms in 1961. The majority of the units had 24 looms or more but of late smaller units have grown up in large numbers. The maximum concentration is within the Calcutta industrial belt. Dhories constitute a major line of production. Most of the big sized factories have their own preparatory, sizing and other facilities. Under the Refugee Rehabilitation Scheme 686 powerlooms were allowed in small units in addition to 1,600 looms sanctioned for installation in the handloom cooperative fold under the "Conversion Scheme". On the whole, the total number of powerlooms at present is 6,435 out of which 4,852 are on cotton, 826 on art silk and staple fibre yarn, 57 on silk, 92 on wool and 608 on tapes and webbings.

2.32. Amritsar in Punjab forms an important centre of concentration of powerlooms employed on woollen yarn. When the First War broke out in 1914, some handloom factories
Punjab were set up for manufacturing cloth from yarn imported from abroad. As Japan was not then in the hostile camp, most of the yarn was imported from Japan. When art silk yarn made its appearance later, the handlooms switched over to the manufacture of art silk dress materials for ladies. At the end of World War I, with the then prevailing scarcity of cloth, a few powerlooms for the manufacture of cotton cloth were set up. Government also later adopted the policy of discriminative protection to the Indian textile industry against the large imports of Japanese cloth. This gave a fillip to the expansion of powerlooms in Punjab particularly in centres like Amritstar and Ludhiana. The first powerloom factory for the manufacture of art silk fabrics was set up in Amritsar in 1933, followed by another unit in 1934. This development continued till 1941, when with the entry of Japan into the Second World War, supplies of Japanese art silk yarn came to a stop and the powerlooms had necessarily to switch over to cotton yarn. The powerlooms also specialised in the manufacture of woollen cloth including shawl cloth and light suiting for ladies. The powerlooms employed on woollen fabrics found part-time employment on woollen yarn imported from the United Kingdom distributed by the Government for the manufacture of woollen fabrics for the Defence Services. The Korean War gave a stimulus to the powerloom industry, but it was short-lived. When the War in Korea

ceased, the industry in Amritsar faced a big slump. The powerlooms employed on woollen yarn are still facing difficulties in the procurement of adequate woollen yarn to keep the looms fully active. The looms employed on art silk (mainly staple fibre), are not however having similar difficulties.

At present there are about 10,000 powerlooms in Punjab, Amritsar accounting for 6,000 and Ludhiana and other nearby centres for 4,000 looms. Out of the 10,000 powerlooms, about 1200 looms are engaged on woollen, 410 on cotton, 6400 on art silk and the remaining looms on tape, ribbon etc.

2.33. Andhra Pradesh, Assam, Bihar, Orissa and Rajasthan have come into the picture as powerloom centres only during the last decade. In these centres, the looms have come up either **Rest of India** in an unauthorised manner or with the assistance of Government under the scheme of conversion of handlooms into powerlooms in the co-operatives.

2.34. We have traced in the preceding portions of this chapter the general picture as to how in each of the important centres powerlooms have developed. The inducements for the establishment and development of powerlooms till 1955 were of the usual kind which operated in many small industries. There is no doubt that the powerlooms had by then come to occupy a place, though not a very significant one, in the textile industry, consisting of textile mill sector on the one hand and the large multitude of handloom on the other.

2.35. From an overall assessment made on the basis of the studies conducted in the different centres in the country, it could be stated that the major factor behind installation of powerlooms has been the desire of the handloom weavers to improve their efficiency and productivity and reduce the strain of operation. In this, the power-operated looms in the textile mills had served as a model and, as we have seen in centres like Ichalkaranji, Sholapur and Burhanpur, kindled the common urge of the handloom weavers to go in for discarded looms of textile mills to start with and take to power-operated looms. It will, therefore be correct to state that the order of growth has been chronologically the handlooms, textile mills and powerlooms. The increase in and the geographical spread of supply of electric power together with the availability of looms discarded from the mills provided a strong base for the growth of powerlooms in certain centres. The facility to improve one's earnings by switching over from handlooms to power-operated looms involving only a relatively small capital investment naturally induced a number of better placed handloom weavers to set up powerlooms. In certain centres like Burhanpur and Mysore, the electric supply authorities themselves encouraged the setting up of powerlooms. In Burhanpur it was reported that the electric supply company advanced money for buying powerlooms on hire purchase terms. In the thirties and forties a new class of entrepreneurs stepped in for setting up medium and big sized powerloom establishments. These powerloom factories were set up on partnership or as

joint stock companies in places like Madurai, Cannanore, Bombay City, Ichalkaranji and Calcutta. The big sized weaving factories automatically came within the purview of the Industries (Development and Regulation) Act, 1951 and had to be registered. The policy of the Government to peg the weaving capacity of the textile mills and the deliberate policy of not allowing expansion in the powerloom side also except to the extent provided for in the Second Five Year Plan for replacement of handlooms by powerlooms in the co-operative fold, automatically put a seal on both expansion and addition to the large powerloom factories. This did not however, quell the increasing urge on the part of the weavers in the country to switch over to power-operation to earn more. Thus, the part played by the private entrepreneurs, the mill workers thrown out of job having the necessary technical know-how, the availability of second-hand powerlooms on account of mill closures and replacements of looms by mills, the availability of electric power covering wider areas, a sense of ownership of better, cheaper, quicker and easier instrument of weaving by employing power, the local initiative and encouragement for setting up of powerlooms, instilling a sense of gradual but increasing participation in the industrial development in the areas and above all the urge of the handloom weavers to employ power to better their standard of living and for lessening the strain of work together with the scope provided by the increasing demand for cloth in the country on the pegging of loomage in the mills—all these contributed to the steady growth of powerlooms in the different parts of the country till it reached a total strength of about 27,000 by 1956.

2.36. Actually the growth in recent years has been very rapid and phenomenal. Induced by certain extraneous factors of which excise levy formed the most attractive, even outsiders stepped into the field solely to derive the benefits of excise exemption. A large number of powerlooms were thus set up in an unauthorised manner. A number of intermediaries and even textile mills induced the handloom weavers as also others not in the weaving profession to set up powerlooms in large numbers. They provided all the required financial and other measures of assistance as a purely business proposition. Recourse to scrapped looms from mills by itself could not meet this upsurge in demand and this in turn encouraged local technical talent and skill to set up small workshops for fabrication or assembling of looms adopting ingenious methods and improvisations. Almost the entire growth of powerlooms in the recent years being in contravention of law, the ancillary activity of fabrication, repairs, assembling of looms etc. in small workshops with local talent and skill also necessarily assumed the form of unauthorised growth. There is no doubt however that the owners of the looms who acquired and installed them either by straight or surreptitious means were prompted to do so in the hope of using them for a living. The social, economic, employment and other factors are very relevant in the consideration of the problem of unauthorised growth of powerlooms.

2.37. We have received from the Regional Officers of the Textile Commissioner who have been made responsible for the registration of powerlooms, statistical data regarding the ~~number of applications~~

received, registered and rejected and the looms covered in terms of the press notes issued on the subject of regularisation of unauthorised powerlooms in 1960. The data give a figure of 82,452 looms on cotton and 63,351 looms on non-cotton, both authorised and unauthorised, thus totalling to a figure of 1,45,803 looms. Authorised powerlooms include those authorised prior to 31-10-1960 and those which were regularised in pursuance of the press notes. Unauthorised powerlooms represent powerlooms, applications in respect of which were rejected or not yet admitted. These figures are given in Table VI.

TABLE VI

Name of State	Cotton			Non-cotton			Grand Total 4+7
	Authorised	Unauthorised	Total	Authorised	Unauthorised	Total	
1	2	3	4	5	6	7	8
Andhra Pradesh . . .	584	181	765	624	23	647	1,412
Assam . . . . .	..	..	..	..	..	..	..
Bihar	196	..	196	139	4	143	339
Gujarat	8,455	334	8,789	16,573	249	16,822	25,611
Kerala	548	2	550	206	..	206	756
Madhya Pradesh . . .	3,304	1,015	4,319	697	8	705	5,024
Madras	3,105	870	3,975	3,236	774	4,010	7,985
Maharashtra	43,673	7,525	51,198	22,719	87	22,806	74,004
Mysore	2,716	337	3,053	5,677	1,236	6,913	9,966
Orissa	375	..	375	6	..	6	381
Punjab	1,438	63	1,501	8,266	287	8,553	10,054
Rajasthan	108	2	110	37	..	37	147
Uttar Pradesh	1,654	436	2,090	1,203	128	1,331	3,421
West Bengal	3,017	972	3,989	898	3	901	4,890
Delhi	1,365	12	1,377	253	..	253	1,630
Pondicherry	164	1	165	..	..	..	165
Jammu & Kashmir . . .	..	..	..	18	..	18	18
TOTAL	70,702	11,750	82,452	60,552	2,799	63,351	145,803

2.38. The estimate of the number of powerlooms in the country on cotton yarn, art silk and woollen has been worked out on—

- (1) the number of looms actually bearing texmarks/permits issued by the Textile Commissioner prior to the policy announcement in November 1960;
- (2) the number of looms actually installed in the co-operatives under the scheme of conversion;

and

- (3) the number of applications received by the Textile Commissioner in response to the press note issued in November

1960 calling for applications for regularisation of powerlooms installed or working prior to 31st October 1960 without the necessary texmarks/permits.

During our visits to the different parts of the country we could see that the installation of powerlooms without permits is a continuing process and therefore the number of powerlooms as on 31st October 1960 may have to be increased if it is to represent the current picture. We have tried to evaluate this increase on the basis of the rate of growth since 1960 in these centres which were spot-studied by our Study teams.

2.39. The total figure showing the number of powerlooms in the country also includes the looms which are not active, looms which are in a dismantled condition, looms in parts and ghost looms. If allowance is made for looms which cannot qualify for Texmarks, which are stated to be about 12,000, the total number of looms on cotton will be much less than 82,000. However, if the growth since that date is taken into account, along with the looms set up under the conversion scheme for which irrevocable commitments had been made, the overall number may still be around 82,000. The number of art silk and woollen looms has also been estimated on a similar basis. The figures will be about 60,000 for art silk and about 3,200 for woollen looms including looms in the composite woollen mills.

2.40. The structure of the powerloom units in the country has been changing from time to time mostly dictated by the variations in the excise levy. Broadly, we have the large factories at one end and one loom units at the other. In between, the small powerloom establishments of and below four looms form the major segment. Units of five looms and above constitute a highly variable segment owing to fragmentation and/or disintegration arising from the changes in the excise levies. The provisions of the Industries (Development & Regulation) Act 1951 are applicable to the larger units and any disintegration or fragmentation of such units would require appropriate sanction and, in a large number of cases, such fragmentation would be impracticable on account of the factories being self-contained units with their own preparatory weaving and sizing equipments. Fragmentation in such cases arises by wholesale winding up and sale of equipments. In the segment with small units of and above five looms, in addition to the deliberate fragmentation to derive the excise benefits, division of family property, dissolution of partnership and changes in ownership on account of several other factors had disturbed the structure. However, broadly, the structure of the powerloom sector as it exists now should be considered as consisting of predominantly small units of four looms and less with a bare five per cent accounted for by large units coming under the Industries (Development & Regulation) Act and another five per cent in the mid segment of five looms and above not coming under the Act.

2.41. The bigger units coming under the Factories Act are owned on proprietary or partnership or joint stock company basis. The ownership units of and above five looms, which do not come under the Factories Act are generally proprietary or partnership concerns. In regard to the small units

of four looms and below, master weavers, intermediaries and in some cases even textile mills are reported to have set up powerlooms on **Benami** basis. The extent of such fictitious ownership is difficult to measure but from what the Committee could gather from knowledgeable surces it may be put at not more than 25%.

2.42. In regard to the impact of the growth of powerlooms on the handloom industry in the different parts of the country, our studies have disclosed that in a number of centres like Sholapur, Ichalkaranji, and Malegaon powerlooms do not appear to have adversely affected the lot of the handloom weavers in general. Complaints were voiced however that a large influx of powerloom cloth to centres in Madras and Andhra Pradesh particularly, had created difficulties for the handloom weavers in those centres in marketing their goods. It was also stated that handloom weavers in these centres would, by and large, like to acquire or work on powerlooms to improve their lot. The pattern of cloth production in certain centres like Sholapur and Ichalkaranji by handlooms is different from that of powerlooms. In these two centres both handlooms and powerlooms have developed simultaneously. In Malegaon the handlooms were previously manufacturing coloured check sarees. The powerlooms at present are manufacturing plain sarees, mulls and dhoties which do not offer competition to the handlooms. In Bhiwandi which had about 4,000 handlooms 25 to 30 years ago, the handlooms have practically disappeared as almost all the handloom weavers have taken to powerlooms. The handlooms in Madras State are concentrated on the production of dhoties, sarees, shirting, coatings and towels while the powerlooms are employed on the manufacture of lower medium and grey *gada* cloth. The non-cotton looms in Madras State are employed on the production of art silk fabrics, ribbons, tapes, labels etc., thus creating no conflict of interest between handlooms and powerlooms in that State.

2.43. We shall now deal with that part of the growth of powerlooms which is due to the deliberate policy of Government of adding powerlooms in the co-operative handloom sector. The Textile Enquiry Committee (1954) in its report conceived the evolution of handlooms into powerlooms as the most desirable growth for relieving the distress of the handloom weavers and had observed as follows:—"After a very careful consideration, the Committee has come to what, in its opinion, is an irresistible conclusion, namely, that, at a pace at which there will not be too drastic a disturbance to the economic and social fabric, the handloom industry has to be made technically more efficient by converting the handloom either into semi-automatic loom and/or into a powerloom as power becomes available more generally in the areas where the handloom industry is widely prevalent". In the words of the Committee "From this angle (i.e., from the objective of every citizen having a margin for contributing towards the capital resources of the country), the volume of production of cotton textiles has to go up and the unit cost of production has to be brought down consistent with an adequate income being ensured to the weaver." The Committee envisaged that by a phased programme

for introduction of powerlooms in the handloom sector, "at the end of 15 to 20 years barring say 50,000 handlooms of the throw-shuttle or fly shuttle type manufacturing special fabrics with intricate body designs, the entire handloom sector will have been converted into the improved (semi-automatic) handloom or the decentralised powerloom industry. By planning in this manner for the gradual conversion of the entire handloom sector, the Committee feels that we shall have achieved the twin objectives of maintaining employment over the short-term and securing the best possible efficiency in the long run". The Government of India decided to allow the installation of 35,000 powerlooms in the handloom sector during the Second Five Year Plan period and allocated a specific production target of 200 million yards of cotton cloth to be manufactured by these powerlooms. The conversion was to be made under certain specified terms and conditions and confined to the co-operative sector of the handloom industry. It was reported that, under this scheme, 13,469 powerlooms were sanctioned to the various handloom co-operatives of which 8885 powerlooms had been installed and firm commitments had been made in respect of 2243 looms, thus totalling 11,128 looms. The scheme itself was discontinued later and directions were issued by the Government of India that, except in cases where irrevocable commitments had been entered into, the installation of powerlooms under the Scheme should not be proceeded with. Table VII shows the figures of looms sanctioned for each State, looms installed, looms covered by firm commitments, etc. We have dealt with the details of the progress of implementation of the scheme of "conversion of handlooms to powerlooms" in Chapter VI of this report.

TABLE VII
Progress Under Conversion Scheme

States	Looms sanctioned	Looms installed	Looms covered by firm commitments	Remarks
1	2	3	4	5
Assam	230	150	42	
Bihar	1,300	900	400*	*being installed by the
Kerala	1,500	500	500	weavers at
Maharashtra	2,500	2,005	495	their own
Gujarat	600	453	..	cost.
Madhya Pradesh	467	223	244	
Madras	15	15	..	
Mysore	2,000	1,680	320	
Orissa	1,200	768	32	
Punjab	500	180	8	
Rajasthan	400	330	..	
Uttar Pradesh	1,000	423	208	
West Bengal	1,605	1,211	394	
<i>Union Territories</i>				
Delhi	26	16	..	
Manipur	1	1	..	
Pondicherry	125	30	..	
TOTAL	13,469	8,885	2,243	

2.44. The picture that emerges from a study of the various phases of the textile industry is one of virtual stagnation in the mill weaving capacity and activities accompanied by a marked expansion and intensification in the activities of the decentralised sector of the textile industry comprising powerlooms and handlooms. In this intensification of activities of the decentralised sector, the spinning section of the textile mill industry has no doubt played a significant part.



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CHAPTER III

GOVERNMENT POLICY ON POWERLOOMS

3.1. It does not appear that Government had at any time laid down a clear-cut policy in regard to the powerlooms. The recognition that there were powerlooms in the country was always there but Government apparently did not consider them as requiring any distinctive measure of control, regulation or assistance. The Fact Finding Committee had brought to the notice of Government in 1942 that "a more serious rival to the Handloom Industry than the mills had arisen in the small scale powerloom factory. This rival combines in itself, owing to its medium scale production, the advantages of both mills and handlooms. It can utilise cheap electric power and avail itself of the modern appliances in weaving. The competition from powerlooms is a growing phenomenon; about 15 years ago the handlooms had nothing to fear from them. Powerlooms are not subject to any irksome restrictions such as Factories Act or special taxes. As such they are sources of competition in important lines to the mills as well. The cost of production in powerlooms is comparatively low owing to small overhead charges and economies of mechanical production". The number of looms at that time according to the report was of the order of 15,000 and, apparently, Government did not consider the powerlooms as posing a "problem" of any serious magnitude.

3.2. During the Second World War, with the organised textile mill sector almost fully employed on supplying the Defence needs, the handlooms and powerlooms were left free for supplying cotton textiles for internal needs. This in turn, created the problem of cotton yarn supplies and in view of the limitations in the yarn availability, a scheme for controlled yarn distribution was introduced. In 1943, it was necessary for Government to assume powers under the Defence of India Rules to control production, prices and distribution of cotton textiles including yarn. The first Notification was issued in 1944 to identify the cloth produced to the source of manufacture by requiring powerlooms to obtain a distinguishing number commonly called "Texmark" on application to the Textile Commissioner. Necessitated by the shortage of yarn, restrictions were also placed in August 1945 under which looms in excess of the actual number of looms working in factories as on 30th September 1944, were not authorised to work and even the working hours in the individual establishments were restricted. In 1948, these restrictions were removed.

3.3. By Clause 12(6) of the Cotton Textiles (Control) Order, 1948, it was stipulated that "no person shall acquire or instal any powerlooms except with the permission in writing of the Textile Commissioner". The Textile Commissioner was to pay regard to the following factors before granting or refusing permissions :—

Control on acquisition and installation of looms.

- (a) the number of powerlooms already installed or working in the local area ;

- (b) whether the powerlooms proposed to be acquired or installed were to be utilised for weaving cloth ;
- (c) the availability of yarn;
- (d) the demand for cloth ;
- (e) the necessity for training persons or rehabilitating displaced persons in the weaving industry.

Subsequently, this order was amended making it incumbent on the owners of looms to obtain written permission from the Textile Commissioner even for changing the location of powerlooms.

3.4. For the first time in 1950, Government reserved certain fields of production of cloth for the handlooms as a measure of helping that industry which was then facing acute crisis. A copy of the Notification issued on the subject is given in Annexure IV. As only the mills and powerloom factories having five or more looms were prohibited from manufacturing the reserved varieties, the small powerloom establishments having less than five looms automatically derived the advantage of producing the varieties reserved for the benefit of the handlooms except certain items like lungies, sarongs and gumchas.—A similarity between the handloom units and small powerloom establishments was therefore recognised. Even between the large scale powerlooms and the textile mills, a distinction was made in the matter of production of certain varieties of cloth.

(1) Saree with border of 3/4" or less in width and containing coloured yarn in its borders was not to be produced by composite mills but could be produced by powerlooms.

(2) Composite mills were not allowed to use gold coloured yarn or art silk yarn in saree border, while powerlooms could produce such varieties.

(3) Composite mills were not allowed to use coloured yarn in the body of a saree except in a heading thereof while powerlooms could do so.

(4) Production of any saree in which count of yarn was below 36s (whether warp or weft or whether single or folded) was not allowed to be produced by powerlooms, but allowed for mills.

3.5. In 1955, the Government of India announced that permission to instal cotton powerlooms would be granted under the following Policy since 1955. conditions :—

- “(a) When they are worked by refugees on the recommendations of the Ministry of Rehabilitation in units of less than 5 looms or in cooperatives or in the departmental factories.
- (b) When they are installed departmentally by State Governments to impart vocational training.
- (c) When they are used for manufacture of tapes, labels, velveteens and industrial cloth as may not be readily available in the market.”

Although there was a distinction between powerlooms working on cotton yarn and non-cotton yarn, relaxation was also made to the effect that small cotton powerloom establishments could change over

from non-cotton to cotton yarn provided they had at some time or the other used cotton yarn. Owners of powerlooms not having Text-mark (unauthorised looms) were allowed to work not more than two powerlooms on cotton yarn provided they applied to the Textile Commissioner for regularisation of all the looms through the State Governments and provided that the remaining powerlooms in excess of two were undertaken to be worked on non-cotton yarn. In 1956, a system of compulsory registration of powerlooms was enforced.

3.6. There was no law prior to 1956 for regulation of powerlooms working on artsilk fabrics. Cotton looms were working alternately on cotton and non-cotton yarn according to the market demands. No permission was required for production of non-cotton fabrics on the looms permitted to work on cotton yarn. In 1955, on a review of the policy in regard to licensing of new undertakings for production of art silk fabrics under the Industries (Development and Regulation) Act, 1951, it was considered by the Development Council for Art Silk Industry, that, as against the target production of 350 million yards of art silk fabrics fixed to be achieved by the end of the Second Plan, the actual number of looms already installed, if run on two shifts, could produce about 500 million yards. It was therefore, decided to adopt the policy of not allowing expansion of looms for the manufacture of art silk fabrics. On an examination of the relevant provisions of the Control Order, it was found that the then existing regulations applied only to cotton textiles and could not be extended for regulating the acquisition and installation of looms for the production of fabrics made out of non-cotton yarn. The artsilk and staple fibre fabrics and also woollen textiles were, therefore, brought under the Essential Commodities Act 1955 and powers were taken to regulate their production. In December 1956, a separate order controlling the acquisition and installation of looms used for producing woollen, artsilk and staple fibre fabrics was issued. This order, while making it compulsory for the owners of looms to obtain prior permission of the Textile Commissioner for fresh acquisition and installation of looms, permitted the then existing looms to be registered with the Textile Commissioner within a certain prescribed date.

3.7. Between 1958 and 1960 the attention of Government was drawn to the abnormally large number of powerlooms, which had come up in the different parts of the country without any regulation or permits, texmarks or licences. There were also statements made by knowledgeable persons in the field that the large influx of powerlooms had really syphoned off much of the benefits which were intended to be given to the handloom sector by way of reservations in the fields of production. There were complaints from the textile mill sector that the powerlooms had made serious inroads into the working of the mill sector by producing large quantities of duty-free cloth marketed at cheaper rates in competition with mill cloth. In order to assess the exact position, Government arranged for a census of the powerlooms to be carried out through the State Governments. This census, which was completed in 1959, revealed the existence of about 18,000 powerlooms on cotton and 11,000 powerlooms on non-cotton installed without any authority.

3.8. The question of regularisation of unauthorised powerlooms seems to have been considered by the Government of India after the results of the census were known and on 5th November 1960 a press note (Annexure V) was issued by the Textile Commissioner explaining certain decisions taken by Government in the matter of regularisation of unauthorised looms. The press note referred to the census and made it clear that "the installation of powerlooms without obtaining a permit from the Textile Commissioner was a contravention of the Cotton Textiles (Control) Order and would attract prosecution of the owners under the Essential Commodities Act, 1955. As, however, it has been represented that the prosecution of the offenders and the imposition of penalties will entail hardship to the large number of weavers engaged in these units, after careful consideration the Government of India have decided that a lenient view may be taken to regularise the unauthorised powerlooms through the issue of formal permits from the Textile Commissioner subject to certain conditions". The press note specified *inter alia* that "all unregistered powerlooms which were declared in the census held by the State Governments or which were in existence on the 31st October, 1960 and were working with an excise licence issued before that date, shall be granted an opportunity to obtain a permit from the Textile Commissioner for continued operation under such conditions as may be prescribed by him". The census having been ordered to ascertain the size of the unauthorised powerloom sector, one should have thought that the subsequent action should have been restricted to the regularisation of the looms which were thrown up as existing in an unauthorised manner according to the census. But the press note did give a wider coverage for regularisation in that not only unregistered powerlooms which were declared in the census held by the State Governments but also those which did not find a place in the census or which might have been installed later and were in existence on the 31st October 1960 were covered by the press note for regularisation. The only over-riding condition put in was that such looms should have been working with an excise licence issued before 31st October, 1960. The applications were to be received by the Textile Commissioner in the prescribed form to reach him by 30th November 1960 accompanied by a certificate issued by the appropriate Central Excise authority that the looms in question had been licensed under the Central Excise Rules before the 31st October 1960. The applications were to be accompanied by a treasury receipt for Rs. 500 for each unregistered powerloom. It was also specified that in case of looms for which applications for registration had been made to the Textile Commissioner with a late fee of Rs. 10 per loom under the earlier order of 1956, on the production of sufficient evidence to show that the loom had been in the possession of the applicant before the 30th November 1956, the excess over Rs. 10 would be refunded to the party. The same press note made it clear that "unregistered powerlooms in respect of which applications for permits are received after 30th November 1960, will be sealed and their owners prosecuted for a breach of the Textile Control Orders and that the penalties prescribed for such breaches include imprisonment and fine besides confiscation of the looms". In addition, it was mentioned that "in future no new powerloom would be allowed to be installed except in cases where it is required for the purpose of imparting vocational training in any educational institu-

tion or for some other special purpose approved by the Textile Commissioner". Simultaneously, with the issue of this press note, suitable amendments were carried out to the Control Orders restricting the sale, purchase and lease and/or installation of any powerlooms without prior permission of the Textile Commissioner. This restriction applied to all textile mills and powerloom factories as well as to dealers in powerlooms and manufacturers of powerlooms. In the same press note of 5th November 1960, the manufacturers of powerlooms were warned that a failure to obtain prior permission of the Textile Commissioner before the sale or the offer to sell or purchase of any powerlooms or side frames of powerlooms will render them liable to prosecution, imprisonment, fine and confiscation of powerlooms". Subsequently, a clarification was issued that in lieu of attested copies of Central Excise licence, it would be sufficient if a certificate was produced from the Central Excise authorities that the looms in question had been acquired and installed before 31st October 1960 and had been issued licences under the Central Excise Rules. The emphasis in the first press note that the powerlooms should have been working with an excise licence on the crucial date was thus relaxed.

3.9. A further amendment was issued in the press note dated the 26th December, 1960 (Annexure V) in which the fee was reduced from Rs. 500 to Rs. 100 as "several representations have been made to Government that this fee of Rs. 500 per powerloom acquired and installed without permission was too heavy to be borne by the numerous owners running their looms on a small scale for their livelihood, particularly the owners of the tape and ribbon looms run on cottage industry basis". The reduced fee of Rs. 100 per powerloom was also permitted to be paid either in a lump sum along with the application or in three instalments of Rs. 50 along with the application and Rs. 25 at the end of the first and second quarters respectively. The last date for receipt of applications was also extended to 15th March, 1961. In the same press note certain important clarifications were made. These were:--

- (1) Persons who acquired or installed powerlooms before 31st October, 1960, but had not put them into operation for one reason or the other, were permitted to apply for registration enclosing a certificate from the Collector of the District or the Local Superintendent of Excise certifying the existence of the looms before that date in the possession of the applicant.
- (2) In cases where excise licences were issued in the names of persons other than the owners, the applications were to be accompanied by a certificate from the Excise authorities that the looms had been in the possession of the owners.

3.10. A third press note was issued on 9th March 1961 (Annexure V) stating *inter alia* that "it is however observed from the number of applications received so far that the number of powerlooms covered by such applications is very much lower than the number of powerlooms declared in the census of unauthorised powerlooms held in 1959. An important condition was that the application should be accompanied by a certificate from the Central Excise authorities or

the District Collector that the looms in question had been in the possession of the owners on 31st October 1960. Several Powerloom Owners' Associations have represented that a large number of applicants have been unable to obtain such certificates before 15th March 1961 and have requested for extension of time by another two months. In order to enable the owners of unauthorised powerlooms to submit their applications along with certificates or licences from the Central Excise authorities, it has been decided to extend the last date for submitting applications to 15th May, 1961". A warning was also issued that powerlooms acquired or installed before 31st October, 1960, in respect of which no applications for registration were received by the Textile Commissioner in accordance with the conditions laid down in the previous press notes before 15th May 1961 and powerlooms acquired without the prior permission from the Textile Commissioner after 31st October, 1960, shall be sealed by the authorities empowered to do so under the Textile Control Orders and the owners of such powerlooms are liable for prosecution for contravening the Textile Control Orders". The owners of the unauthorised powerlooms were, therefore, advised, in their own interest, to send up their applications along with the excise certificates and treasury receipts for the prescribed fee to the Regional Officers of the Textile Commissioner.

3.11. It was represented to us that while Government had been solicitous in regularising unauthorised powerlooms, persons who had previously applied to the Textile Commissioner for setting up powerlooms and, as law-abiding citizens, did not instal powerlooms without permission were not given the opportunity to instal looms in preference to those who had installed the looms in contravention of law. There is force in this contention.

Public reaction to the Press Notes.

3.12. During the course of our enquiry, our pointed attention was drawn to the lacuna in the press notes and subsequent instructions issued by the Textile Commissioner in the matter of regularisation of unauthorised powerlooms as also in the definition of what would constitute a powerloom for the purpose of regularisation. When the authorities were dealing with the means of livelihood of a large number of persons who, whatever be the reasons, had invested money and acquired an instrument of production like the powerloom, the authorities should have issued clear-cut instructions and made them known to all. It should, however, be stated that the very intention of regularisation of unauthorised looms which strictly, under law, need not have been regularised at all, was not to take away the means of living of the owners or workers of powerlooms. Otherwise, Government need not have been so very considerate in issuing press notes from time to time and reducing the fee of Rs. 500 originally fixed to Rs. 100 and that too made payable in instalments. It is also seen from the successive press notes that the very definition of what would constitute an unauthorised powerloom for the purpose of regularisation was varied. This was the aspect which was prominently brought to our notice by several aggrieved persons in the different powerloom centres in the country. For instance, in the first press note issued on 5th November 1960, it was stated that all unauthorised powerlooms which were declared in the census held by the State Governments or which were in existence on the 31st October, 1960

and were working with an excise licence were eligible to obtain permits from the Textile Commissioner. In the subsequent press note dated 26th December, 1960, it was stated that persons who had acquired or installed powerlooms before 31st October, 1960, but had not put them into operation for one reason or the other, were also permitted to apply for registration enclosing a certificate from the Collector of the District or the Local Superintendent of Excise certifying the existence of the looms before that date in the possession of the applicant. Thus, as compared with the first press note which emphasised the working of the looms with an excise licence issued before the 31st October 1960, the second press note liberalised the scope of the definition by including acquired or installed powerlooms before 31st October 1960 although they had not been put into operation for one reason or the other. A further relaxation was that while the first press note required a certificate from the appropriate Central Excise Authority that the looms in question had been licensed under the Central Excise Rules before 31st October 1960, the second press note of 26th December 1960 permitted "a certificate by the Collector of the District or the Local Superintendent of Central Excise certifying the existence of the looms before that date in the possession of the applicant". From the press note issued on 9th March 1961, it would seem that Government were themselves anxious that all looms which had no opportunity to get themselves registered should be got registered by extending the last date of receipt of applications by another two months upto 15th May, 1961.

3.13. In addition to these press notes, letters and instructions were issued both to the Regional Officers of the Textile Commissioner and to the Collectors of Central Excise in the different regions clarifying from time to time as to what would constitute a loom, what would be the meaning of a working loom etc. In our discussions with powerloom interests we were informed that the insistence on a *post-facto* certificate from an official whether it be the Collector of the District or the Central Excise authority that a particular loom was existing on a prior date did introduce, to say the least, a large element of discretion on the part of the officials concerned. Some of the officials confessed to us that the issue of a *post-facto* certificate of the kind required by the Textile Commissioner, particularly when evidence was lacking in regard to the actual date of acquisition, installation and working of the looms, had made their position rather difficult. The powerloom interests explained that several of the *bona-fide* owners were put to considerable hardship and mentioned that particularly when a person had acquired or installed a powerloom in disobedience of law, the insistence on documentary proof for such acquisition should not at all have arisen as, both the sellers and the buyers of the looms would not have passed on any signed reliable documents to cover the transaction for fear of penal action. It is inconceivable that one who committed an offence would have put himself in such a simple position as to be detected and punished by passing receipts, vouchers and other documents for the sale, purchase or installation or working of the powerlooms. It is open to inference that the original idea of Government was first to regularise only the looms which were actually brought out by the census. Subsequent actions had no doubt resulted in opening the

flood-gates and by the process of liberalisation of the eligibility for regularisation a large measure of inducement was given for more and more persons asking for regularisation whether they had the powerlooms on the crucial date or not.

3.14. In a number of cases, the so called documentary evidence produced regarding purchase and sale of looms was stated to have been purely fictitious. In some others though the transactions were for complete looms, the parties who issued the vouchers had deliberately mentioned them as parts of looms to escape the provisions of law. There is, however, no doubt that the successive press notes did give rise to a rush of applications in the belief that "here was an opportunity to obtain the possession of looms on legal basis". Normally disobedience of law acts in a restrictive way as it would instil a sense of fear. Even when the first press note was issued with a strict provision that only looms which were covered by the census or which were in existence on 31st October 1960 and were working with an excise licence issued before that date would be regularised, the *bona-fide* parties had full opportunity to obtain regularisation of the looms. There was no question of any *post-facto* certificate which had to be issued by any authority. The existence of the excise licence issued before 31st October 1960 was a question of fact. Even the second press note issued on 26th December 1960 with all the provisions of certificate to be issued by the Collectors of Districts, etc., did not provoke any large response. This would mean that, at that time, only people who had powerlooms which could be regularised according to the first press note or the second press note could have legitimately come up for regularisation. If the number of applications received was small, there was no point in Government getting in any way concerned with it. There have also been quite a large number of cases where excise licences and certificates issued were cancelled by the authorities on the belated realisation that the documentary evidence relating to the acquisition of the looms which was once accepted by the authorities as correct was later found to be unsatisfactory.


3.15. We were shown a clarification issued by the Textile Commissioner as late as March 1962 addressed to the Central Excise authorities defining what would constitute a loom.

Definition of "Loom" It was stated that the loom should be a whole loom and satisfy the definition given in the Cotton Textiles (Control) Order, 1948. Clause 3(10) of the said Order says that "powerloom means a loom which is worked by power as defined under clause (g) of Section 2 of the Factories Act, 1948 (LXIII of 1948)". Under the said clause (g) of the Factories Act, power means "electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency". The technical opinion given by the office of the Textile Commissioner was intimated to the Central Excise authorities in the following words :—

"The criteria to be adopted for determining a complete loom in erected condition should be the presence of the following parts in fully assembled condition :—

- (a) Side frames, Cross rails, Back-rest and Front-rest.
- (b) Crank shaft and Bottom shaft.
- (c) Sley swords with sley together with Crank arms.
- (d) Existence of Picking Tappets of Bottom shaft.
- (e) Picking shaft together with Picking Bowls and Picking arms.

It should be possible to turn the loom by hand by turning the full wheel when all the moving parts, viz., crank shaft, bottom shaft, sley, picking shaft and take-up rollers should be in operation". This belated definition couched in technical language was more confusing than clarifying and had no practical utility. It should have been possible to locate a loom and certify whether it was in installed condition, working or not, without any elaborate technical definition.



3.16. In regard to the regularisation of unauthorised powerlooms, from time to time, Government were apparently in two minds. On the one hand, Government were particular that only *bona fide* applicants who had acquired or installed powerlooms before 31st October 1960 were to be given the opportunity to have them registered and on the other, Government went on liberalising the prescribed conditions for regularisation of powerlooms and thus allowed a large number of powerlooms to be regularised. This somewhat inconsistent approach could be traced to the policy adopted by the Government in the matter of regulating the powerloom sector in the country. Government were not anxious to increase the number of powerlooms and the Control Orders and regulations were designed effectively to curb the increase in the size of the powerloom sector. But the effectiveness of this policy was considerably diluted by the conditions created by Government's policy itself in the matter of reservation of fields of production and the pattern of excise levy. The restriction placed on the loomage expansion in the textile mill sector together with the increasing demand for cloth in the country naturally opened a wide area for the decentralised sector to expand. In the decentralised sector itself, as between handlooms and powerlooms, the powerlooms with their better technique and higher productivity, were in a more advantageous position than the handlooms. In the matter of production of the varieties of cloth reserved for the benefit of the handloom sector, the small powerloom establishments having four looms and less were placed in the same position as the handlooms under the Government regulations. The excise authorities also have been allowing full exemption from excise levy for these small powerloom establishments. In the situation thus created, it was but natural that a large number of small powerlooms should have entered the field, albeit unauthorisedly. As a consequence, an anomalous position was created under which that portion of the policy relating to

the restriction on the growth of the powerloom sector was practically rendered ineffective by the policies adopted in the equation of small powerloom units with the handlooms for the purpose of excise levy and production of reserved varieties.

3.17. In quite a number of cases provisional Tex Marks were issued by the Textile Commissioner's organisation which still await confirmation. These provisional Tex Marks were issued because the excise authorities or the State Governments who were made responsible to issue certificates of possession of looms prior to the crucial date 31st October, 1960 expressed their inability to do so owing to lapse of time. The issue of provisional Tex Marks was apparently conceived as an *ad-hoc* arrangement to be confirmed on receipt of affidavits from the applicants confirming the possession of complete looms on the crucial date. If affidavits were considered sufficient for the purpose of regularisation of looms, the elaborate procedures and the insistence on documentary proof of possession of looms, certificates, etc., could very well have been dispensed with. But these continued simultaneously.

3.18. It was brought to our notice that in Jabalpur, Telangana and some parts of Gujarat, there was no adequate publicity to the press notes issued by the Textile Commissioner. The possession of powerlooms was not positively prohibited prior to 1948 and even thereafter a mere registration was sufficient. The argument that ignorance of law is no justification for escaping punishment for contravention would lose much of its force in cases where a large multitude of people mostly illiterate and living in widely dispersed centres had resorted to installing powerlooms with a view to earn their livelihood. In the past, the authorities had never exercised so much vigilance nor was sufficient education imparted to create the feeling in the minds of the weavers that substitution of manual operation by power was such a severe offence prohibited by law. In fact the Government of India had considered even in 1956 that *bona fide* handloom weavers should be given an opportunity to instal and work powerlooms. With a view to initiating *bona fide* traditional handloom weavers into the working of powerlooms. Government had also decided to consider applications from such handloom weavers on merits for acquisition of one powerloom only for being worked on cotton. These decisions were communicated by the Textile Commissioner to the State Governments and thus the handloom weavers even then were given the impression that they would be allowed to set up powerlooms. We understand that in June, 1957, this decision was amended restricting installation of powerlooms only to co-operatives. The earlier circular issued to the State Governments by the Textile Commissioner was therefore cancelled. The Committee was anxious to know whether in particular cases, Government had actually prosecuted persons who had introduced unauthorised powerlooms and was informed that there have been no such prosecutions. It was reported that in Malegaon and Dhulia some looms which had been installed unauthorisedly were sealed but subsequently unsealed by the then Government of Bombay. The large growth of unauthorised looms in Bhiwandi,

Malegaon etc. could not have escaped the attention of the authorities. We were also informed that a number of textile mills had themselves actively assisted by means of financing and other measures, the unauthorised growth of powerlooms in these areas. We were informed that in some cases the Central Excise officials and some of the State authorities had sealed some unauthorised powerlooms. In some cases the looms had been removed from their foundations to render them unworkable. The decision to regularise instead of taking action against the offenders of law has been questioned in certain quarters. Their point is that when a blatant contravention of law is left unpunished and the offenders brought in within the ambit of law by regularisation it sets up a very bad precedent and has a demoralising effect.

3.19. Assuming that the policy of regularisation was the best that could be done in the circumstances, the question as to the correctness of the procedure which was adopted has to be examined.

3.20. We were informed that the looms replaced by mills formed an important source of supply for the unauthorised growth of powerlooms in several centres. Certain ancillary control measures were introduced by Government to "plug the loopholes in the matter of availability of looms". There are provisions in the Control Orders to the effect that no person could buy or sell powerlooms without the written permission of the Textile Commissioner. In granting or refusing permission, the Textile Commissioner had to take into consideration the following factors:—

- (1) The availability of yarn and cloth;
- (2) The capacity of the producing units in the local area;
- (3) The condition and nature of the Textile machinery and parts; and
- (4) Any other relevant circumstance.

There is also provision in the Textile Control Orders under which no loom should be scrapped or dismantled without the permission of the Textile Commissioner. The Textile Commissioner followed this up by issuing strict instructions to his Regional Officers that the dismantlement should be done effectively and a certificate should be issued by the regional officer that the replaced looms in mills were actually scrapped. Administrative instructions were also issued to the Regional Officers that the effective way of rendering the looms unsuitable would be to break the side-frames. It was brought to our notice that the executive instructions for scrapping of looms and rendering them unsuitable did not have the desired effect either because the dismantlement or scrapping was not in all cases done with a scrupulous adherence to the instructions or because of the

fact that the indigenous technical skill and practical workmanship of the artisans were so excellent that it was not beyond their capacity to make good the deficiencies in the looms dismantled by mills. We were shown some places where important parts of powerlooms or even full looms were being manufactured or assembled without much difficulty. We have also seen wooden looms driven by power by attaching fractional motors.

3.21. Apparently therefore the efforts made by the Government to plug the loopholes in the matter of availability and supply of powerlooms were not successful as facilities for the assembling of broken looms and manufacture of loom parts exist in a dispersed manner in the several parts of the country defying the enforcement of the control measures. We understand that the side frames, of powerlooms and other parts also have been brought within the purview of the Essential Commodities Act so as to prevent fabrication of looms. The utility of these amendments in preventing unauthorised growth has to be considered from the practical point of view of their effective implementation and enforcement. We consider that in the case of such a widely dispersed industry, controls and regulations should be simple and confined to major aspects only. Otherwise regulations and restrictions remain only on paper.

3.22. The working of powerlooms cannot be done in secret. Powerlooms produce a lot of noise and cause disturbance to the inmates and neighbours. Unless the community living in a particular centre takes kindly to the working of the powerlooms, sustained working of looms, particularly for unauthorised looms, will be difficult and more so in urban and congested areas. Wherever powerlooms have come up, almost the entire community in those areas turned to the powerlooms for livelihood and, therefore, there have been no large-scale complaints.

3.23. We also obtained evidence from the municipalities at various centres as also from important persons in those localities in regard to their reactions to the working of the powerlooms. The municipalities were not so much against the unauthorised aspect of working of the powerlooms; as of the adverse effects on health, sanitation, etc. They were also more keen on collection of octroi and other revenues which flow from powerloom working.

3.24. It has been suggested that the large number of unauthorised powerlooms would not have come up had the State electric supply authorities been very strict in the matter of sanctioning new electric connections. The Committee therefore obtained evidence on this point from the electric supply undertakings and the State Governments during their visits. Centres like Ichalkaranji, Bhiwandi, Malegaon and Greater Bombay (Madanpura) being the four important centres of concentrated powerloom activity in Maharashtra, the Committee ascertained information on the directives, if any,

Measures for detection and prevention of working of unauthorised looms.

Electric Supply

issued by the Government of Maharashtra in the matter of electric supply. We were informed that quite a large number of powerlooms had obtained power connection sanctioned ostensibly for "preparatory looms" and utilised it for running the regular looms. The conditions for the grant or refusal of electric supply to powerlooms have not been uniform in all the States. The Maharashtra State would seem to have been rather liberal in this matter. In the Mysore State, it was stated that the legal position was that power could not be refused simply because of the absence of Texmark. The Bangalore City Corporation was insisting on a certificate issued by the Electricity Board for power supply before issuing licence to a powerloom to work. The Corporation was exercising control through trade licensing system and without a licence it would have been difficult for a person to own a powerloom. In Madras, the powerloom industry was being treated as a small scale industry for some time and electric connections were given freely. This has since been changed and the industry is now reported as being treated as a manufacturing industry and connections are not given so freely. It was also explained that electric supply once given is not normally disconnected. While, under the Electricity Act, the purpose for which the connection given was to be duly noted and any breach or misuse could have been taken notice of and connections cut, it was still possible for the powerloom owners surreptitiously to take power from the power connections given for other purposes or run additional looms on the same connection. The overall position in all the States has been therefore not one of controlling the powerlooms or regulating their installation through the medium of power supply. We are convinced that, as a practical proposition, it would be difficult, if not impossible, to depend purely on the power connections either to assess the number of powerlooms or restrict their growth. The growth of powerlooms being in small units, it would be very difficult to regulate or restrict the growth on the assumption that power given for a specified number of powerlooms is actually utilised only for those looms. In this matter we were also informed that the legal position is that the electric supply undertakings cannot refuse power supply simply because the setting up of a powerloom is not permitted by the appropriate authority. But whatever be the legal position, there is no practical utility in depending on power supply for any control over the powerloom sector.

3.25. We were informed by the Textile Commissioner that the physical implementation of the restrictions imposed under the Textile Control Orders and detection and prosecution of State Government's offenders could only be done through the agency role in detection of the respective State Governments. The mushrooming of unauthorised powerlooms particularly in the former Bombay State (now Maharashtra and Gujarat), could not have been unknown to the authorities even before the census was taken. We were informed that the efforts to seal the looms and prosecute the offenders had not been much of a success as some of the State Governments either did not or could not proceed to take strict action. Thus, the All-India policy did not have that much of effective and practical follow-up and support which it should have had from the State Governments concerned. Any control or regulation in regard to a decentralised industry operating

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mostly in the houses and cottages of workers should necessarily be through the local officials who are intimately in touch with the owners or operatives of the industry.

3.26. The Department which normally has intimate touch with the powerloom working is the Central Excise Department by virtue of the fact that a licence has to be issued by them authorising the working of the powerlooms irrespective of whether the loom is subject to excise levy or not and in the case of powerloom units liable to pay excise levy, Excise Officers have to find out the number of shifts worked, the number of looms working, etc. This points to the need for a very close coordination between excise officers, State Governments and the Textile Commissioner's Office, if at all a close and effective regulation of the powerloom industry forms the objective. Till 1955, the Central Excise Officers had nothing to do with the powerloom sector as excise levy on powerlooms was imposed for the first time in that year. Even thereafter, the excise officers did not concern themselves as to whether the powerlooms which were working, were actually regularised or bore the tex mark issued by the Textile Commissioner under the Textile Control Orders. A nominal fee is levied by the excise officers for issuing a licence for working a powerloom. The excise authorities are concerned more with the collection of licence fee and excise duty rather than with checking whether the powerloom was set up under the provisions of the Textile Control Order or not.

3.27. An attempt to enlist the assistance of the central excise officers was made by the Textile Commissioner. The Central Board of Revenue was requested to authorise the central excise officers to seal unauthorised looms. This apparently could not be done in any large scale as the Excise authorities did not consider it as their normal function to act as the enforcement wing of the Textile Commissioner. When the existence of a very large number of unauthorised looms came to notice persistent efforts were made by the Textile Commissioner to tie up the issue of tex mark with the licences issued by the central excise officers (L-4 Licences) so that these licences could be refused in cases where the parties did not produce tex mark. The Excise authorities agreed to this and the relevant provision in the Central Excise Licensing Rules was amended from 1st January, 1961 accordingly. Most of the powerlooms in the country including the unauthorised looms are employed in the manufacture of grey cloth. The cloth has to be processed by either independent processing establishments or by the textile mills. For taking up outside processing, the textile mills have to obtain specific permission from the Textile Commissioner. Even so, there is a restriction that processing, whether by mills or by outside processing establishments, can be done only if the cloth is produced under licences issued by the excise authorities. Powerlooms not having a tex mark cannot be given excise licence under the amendment to the excise rules referred to. The powerloom cloth could not be sent out except by surreptitious means quoting the excise licence not belonging to the manufacturing looms. The powerlooms had,

therefore, to pay some premium for processing of their cloth produced without L—4 licence by some of the independent processing establishments. The excise authorities have informed us that the powerlooms working without excise licences were fined by compounding the offences under the Central Excise Rules. But collection of fine did not entail stoppage of working of the power looms.

3.28. The attitude of the individual State Governments to the powerloom sector differed from State to State. For instance even in respect of introduction of powerlooms in the handloom cooperatives, a Government of India scheme, some of the State Governments like Madras and Andhra Pradesh were not only not enthusiastic but took all possible precautions to ensure that powerlooms did not cause a disruption to the established handloom industry. The Committee made it a point to consult the State Ministers concerned on the future of the powerlooms, as in practice, in a dispersed industry like powerlooms, the approach and attitude of the State Governments would have an important bearing on the growth of the industry. The Minister of Industries, Mysore State, was insistent that a common policy should be followed and implemented by the States and that he was in favour of a regulated growth of powerlooms. The Minister of Industries, Madras State, was of the view that the framing of a policy for powerlooms should be done with reference to the local problems which the State Governments would have to face as a result of the implementation of the policy. In view of the severe competition offered by the powerlooms to the handlooms, the attitude of the Madras Government had been not in favour of introduction of powerlooms. For the future, the Madras Government would perhaps consider conversion of handlooms to powerlooms in a phased programme with particular emphasis on co-operative character. The Madras Government however felt that the impact of the powerlooms established in the other States, particularly the State of Maharashtra, and the competition offered by the products of powerlooms in Maharashtra had depressed the saleability of handloom goods and insisted on the need for all the States following the same practice, approach and policy, if at all any Central Government scheme could be worked effectively. The Government of Andhra Pradesh had also been following the same approach as the Government of Madras in the matter of powerlooms. The Government of Punjab had been following the policy of not obstructing the natural growth whether it was handlooms or powerlooms. The Government of Maharashtra was very much interested in the prosperity of the powerloom industry in the State. In fact, that Government had recommended that all applications received before 15th May, 1961 for regularisation of un-authorized looms should be granted texmarks without insistence on any proof of existence before 31st October, 1960. The Government had also emphasised that the powerloom industry in the State "has grown sufficiently big and plays an important role in the economy of the State". The Government of West Bengal would appear to be following a policy of vigilance in the matter of allowing powerlooms. With a view to meet the problem of unemployment among the educated middle-class, particularly the refugees, the State Government was keen to put up additional powerlooms. The Government of Gujarat would make a distinction between

art silk and cotton powerlooms and in the case of art silk, they would not impose undue restrictions on the powerloom industry. In the case of cotton powerlooms, they were anxious that the handloom sector should be protected. The attitude of the Governments of Madhya Pradesh, Uttar Pradesh and other States though not one of positive encouragement in the setting up of powerlooms, was one of regulating their growth with due vigilance.



सत्यमेव जयते

CHAPTER IV

RAW MATERIAL FOR COTTON POWERLOOMS.

4.1. Handlooms and powerlooms depend on the textile mills for the supply of yarn. Handlooms generally require yarn in the form of "hanks". Powerlooms, however, obtain yarn mostly in the form of cones or sized beams, except where yarn is required to be dyed for weaving coloured sarees and other coloured fabrics. Prior to 1930-31 the consumption of yarn by powerlooms was negligible. According to the Fact Finding Committee (Handlooms and Mills), 1942, the consumption of yarn by powerlooms was 0.3 million lbs in 1930-31, which increased to 8.9 million lbs in 1938-39. During the war period, the availability of yarn was very much restricted and imports had practically stopped.

4.2. In addition to yarn supplied to the handlooms and powerlooms by the textile mills in the country, imported yarn was also used by them in substantial quantities. The Fact Finding Committee had observed that the consumption of foreign yarn by powerlooms especially mercerised and two-fold was equal in magnitude to the consumption of indigenous yarn. After the war years, imports of yarn were restricted and confined to superfine counts and special types. The figures of imports since 1951 are given below :—

Years	Imports (In million lbs)
1950-51	0.5
1951-52	1.8
1952-53	2.8
1953-54	2.3
1954-55	1.7
1955-56	2.9
1957	4.2
1958	2.8
1959	1.4
1960	0.8
1961	0.5
1962	0.2
1963	0.2

4.3. The current availability of yarn for the decentralised sector from the textile mills' production in the country is of the order of 58.2 million lbs (26.4 million kgs.) per month equivalent to about 700 million lbs per year.

The policy of the Government has been to step up the production of yarn by the textile industry and make available larger and larger yarn supplies to the decentralised sector, handlooms and

powerlooms. Yarn production has been going up as spinning capacity is being increased by the licensing of new spinning units and expansion of existing spindleage. From a total installed capacity of 11.0 million spindles in 1951, the capacity has increased to 14.67 millions at present. The following figures will give the progressive increase in yarn supplies for the decentralised sector:—

Year	In million lbs	In million kgs.
1951	273	124
1952	355	161
1953	379	172
1954	408	185
1955	434	197
1956	441	200
1957	481	218
1958	527	239
1959	556	252
1960	541	246
1961	639	290
1962	650	295
1963	697	316

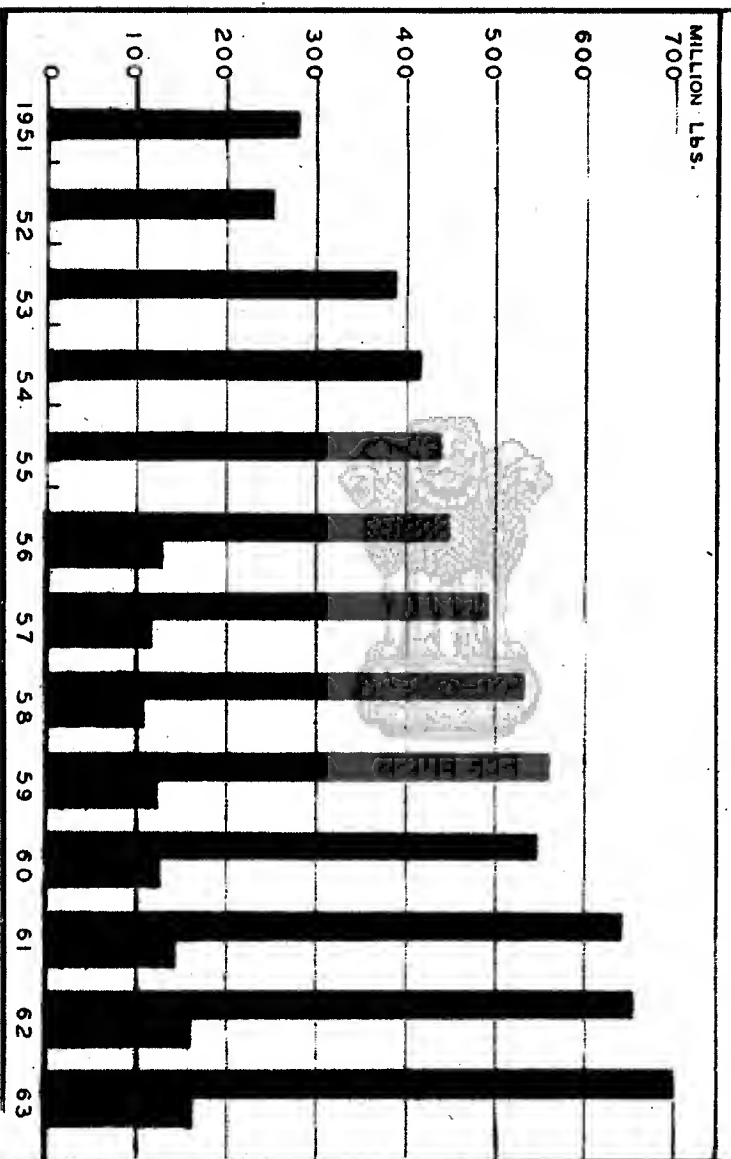
The supply of yarn has increased to 250 per cent of the available supplies in 1951.

4.4. The free yarn made available by the textile mill industry is consumed by the powerlooms, handlooms, hosiery, rope making etc. of which the consumption by the handlooms and powerlooms forms the bulk. We understand that it has not been possible to estimate with any fair degree of accuracy the consumption of cotton yarn by the small industries like hosiery and rope making which are widely dispersed. Even between the handlooms and powerlooms, the estimate of yarn consumption has throughout been made on a certain empirical basis. The Textile Commissioner informed us that, in view of the difficulties attendant on obtaining periodical statistics of consumption of yarn, production of cloth, etc., from the large multitude of handloom weavers scattered throughout the country as also from the powerlooms and cottage or small scale hosiery and rope making industry, a formula has been devised based on the recommendations of the Fact Finding Committee (Handlooms and Powerlooms), 1942, which assumes 10 per cent of the total availability of yarn as the consumption by hosiery, rope making, etc., the balance of 90 per cent being taken as the consumption by the handlooms and powerlooms together. As between handlooms and powerlooms, the consumption is assumed to be in the ratio of 76:14.

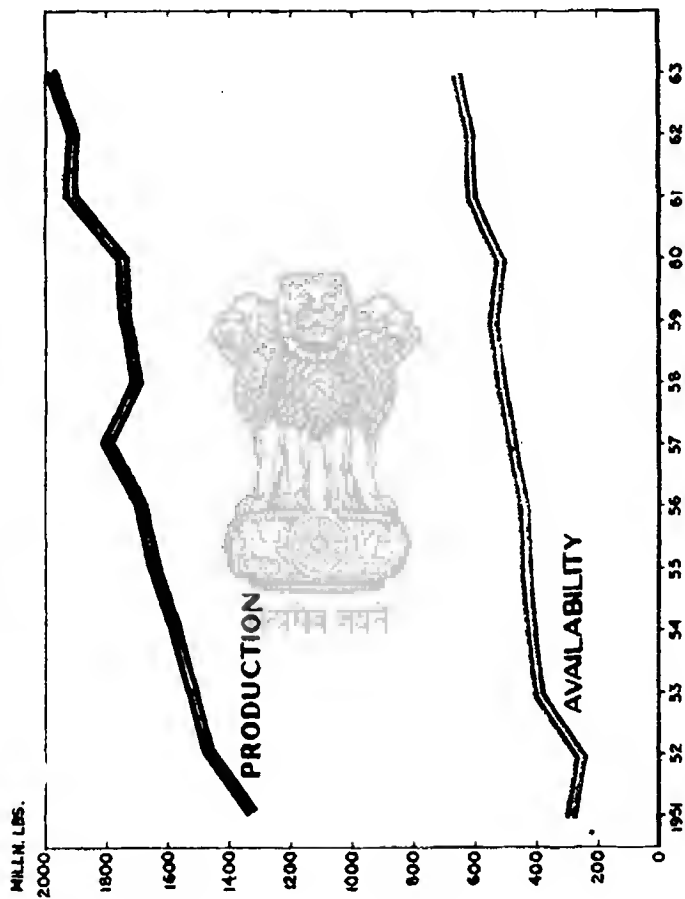
4.5. The supply of yarn is made both by the spinning mills and by the composite mills. Of the present total supply of about 316 million kgs. per year almost fortyfive per cent is supplied by composite mills and fiftyfive per cent by the spinning mills in the country.

YARN AVAILABILITY

COTTON YARN ■ ART SILK YARN ■



COTTON YARN PRODUCTION AND FREE YARN AVAILABILITY



4.6. Under the Cotton Textiles (Control) Order, 1948, a statutory obligation has been imposed on the composite mills to maintain minimum supplies of yarn to the decentralised sector at a quantity related to the supplies effected during the years 1949 and 1950. This obligation is on a quantitative weight basis only irrespective of the counts of yarn supplied. It may be mentioned that for the same weight finer counts of yarn would yield larger yardage of cloth.

4.7. While the assumption was that 76% of the total yarn supplies went for by consumption by handlooms and 14% by powerlooms, there was no arrangement for ensuring that the deliveries of yarn by mills in the form of "hanks" in which form handlooms, by and large, are consuming the yarn, conformed to this percentage. It is understood that the Textile Commissioner collected information from the industry on the total quantity of yarn in hank form made available during January/July 1962 according to the counts of yarn supplies and it was revealed that, as against the 76% of yarn assumed for estimating the cloth production by handlooms, the figures of hank yarn supplied accounted for just about 70 per cent only.

4.8. The consumption of yarn by a powerloom on the basis of one and half shifts working, which at present is the average working of powerlooms, would be about 4.5 kgs. and the consumption per year would be 1350 kgs. per loom. The total requirement of yarn for the 82,000 powerlooms would therefore come to about 111 million kgs. as against the overall supply of 316 m. kgs. Separately, our attention has been drawn to the fact that the consumption of yarn by hosiery, rope making etc. industries has also been going up and that it should be raised from the original estimate of 10 per cent. A representation from Calcutta put this figure at as high as 20 per cent of the total free yarn availability. We find it difficult to accept this estimate as the large increase in the total yarn availability itself should take care of the increased consumption by hosiery etc., by the application of the 10% on the total increased availability of yarn. The assumption that 90 per cent of the total yarn availability may be taken to represent the consumption by the handlooms and powerlooms together, in our opinion, still holds good. If the supply in the hank form is now assessed at 70% of the total yarn supply, it would mean that almost that quantity is being consumed by the handlooms leaving the balance of 20 per cent as the consumption by the powerlooms. We have noticed, however, that in some centres powerloom establishments utilise yarn in hank form for producing coloured sarees and other similar fabrics. There are also some centres where the powerlooms buy hank yarn even for grey fabrics. The Federation of Cotton Powerloom Associations of Maharashtra have estimated the pattern of consumption of yarn by powerlooms as:

(a) Sized beams	..	50 per cent
(b) Cones	..	35 per cent
(c) Weft Pirns	..	5 per cent
(d) Hank Yarn	..	10 per cent

We consider that the estimate of hank yarn consumption at 10% of the total yarn consumption by powerlooms as in Maharashtra State may be taken as fairly representative of the consumption in the

country by the industry as a whole as powerloom cloth production in centres other than Maharashtra is mostly of grey varieties such as grey *gada*, cloth, dhoties and mulls which do not require coloured yarn. This would mean that about 2.2 per cent of the total availability of yarn is consumed in hank form by the powerlooms in addition to the 20 per cent consumption in the form of cones, sized beams, etc. In other words, on the existing conditions, the pattern of yarn consumption may be revised in round figures to 68% by handlooms, 22% by powerlooms and 10% by hosiery, rope making, etc.

4.9. We understand that during the last few years, the yarn production by the textile mills in the country has gradually gone finer. The average count of yarn spun by spinning mills was 27.5 in 1959 and this is reported to have gone up to 29.4 in 1962 while in the case of composite mills, the corresponding increase during the same period is reported to be from 24.3 to 25.1. It has been explained that the consumers' preference for cloth is shifting more towards processed and finer fabrics. Bulk of yarn production comes from Indian cotton and emphasis is placed on the country producing more and more of longer staple cotton. The Madras State which has the largest concentration of handlooms has also the largest number of spinning mills. The spinning mills in the south have for decades aligned themselves with the handlooms. In the recent years however the movement of yarn from the mills in the south has become more dispersed over wider regions.

4.10. The policy of Government in the Third Plan was to encourage the setting up of spinning mills in areas where the textile mill industry had not developed. Two million spindles allowed for the new undertakings so far under the Third Five Year Plan are reported to have been already distributed to the several States taking into account the regional disparities in the development of the textile industry. Handlooms and powerlooms insist on having their own separate co-operative spinning mills to reduce their dependence on textile mill sector for yarn supplies. We consider that both these sectors should draw from a common pool. A compartmentalisation would unduly restrict flexibility in supplies and manufacture. In the future set up as envisaged by us the replacement of handlooms by powerlooms will assume considerable importance and it would not be proper therefore to earmark spinning mills exclusively for either the handlooms or the powerlooms. In order to ensure that adequate quantity of yarn for the handlooms is produced in hank form in which form yarn is required by the handlooms, it should always be possible for the authorities to regulate such supplies. When once it is accepted that the handlooms should be encouraged to convert themselves into powerlooms, any unhealthy competition to the detriment of one or the other should cease.

4.11. We have received a number of complaints about the inferior quality of yarn supplied to both handlooms and powerlooms which, in turn, was stated to have adversely affected the quality of cloth woven, production efficiency, costs, etc. On the other hand, the mill industry would seem to be of the view that fixation of one price for a particular count of yarn disregarding the difference in quality, warp or weft, whether required for handlooms or powerlooms would militate against adoption of a uniform required standard.

4.12. The overall availability of yarn of different counts, in the past few years is shown in the following table:—

TABLE VIII
Monthly average availability of yarn (Million kgs.)

Year	1 to 10s	11s to 20s	21s to 30s	31s to 40s	41s to 60s	Above 60s	Total	
							Mill. Kgs.	Mill. Lbs.
1958	3.87	7.55	3.79	3.03	1.15	0.48	19.87	44.81
1959	4.01	7.40	4.05	3.33	1.57	0.71	21.07	46.45
1960	3.34	6.68	4.15	3.51	1.76	1.04	20.48	45.15
1961	4.15	7.62	4.94	3.93	2.41	1.13	24.18	53.31
1962	4.58	7.58	4.59	3.82	2.80	1.23	24.60	54.23
1963	4.54	7.99	5.09	4.20	3.09	1.49	26.40	58.20

There has been a significant increase in the supply of yarn of finer counts. In spite of the overall increase in the availability of yarn, it is reported that the handloom industry has been finding it difficult to obtain adequate quantities of yarn of required counts and this difficulty became acute in 1962. The Chairman, All India Handloom Board, explained that the policy of the Government of India in regard to the handloom industry was to encourage that industry to increase its production quantitatively and qualitatively so as to ensure a better wage to the handloom weavers. The Chairman laid emphasis on keeping up the tempo of production of cloth by handlooms as, otherwise, the objective behind the various developmental schemes involving expenditure of several crores of rupees could not be achieved. He also explained that the difficulty experienced by the handlooms in the matter of yarn supplies which made itself pronounced in the beginning of 1962 necessitated the formulation of certain measures for continued supply of yarn in the form in which handlooms could buy. The Handloom Board, therefore, pressed the Textile Commissioner to ensure that the supply of yarn to the handlooms in the form of hanks was made adequate. This resulted in the issue of a directive to the textile mills prescribing a minimum supply of yarn by the mills in hank form every month, the quantity being related to the supplies in June/July, 1962.

4.13. It was brought to our notice that, as between the requirements of handlooms and powerlooms, yarn intended for powerlooms should be of better type as it has to withstand the heavy stress and strain involved in the weaving by the application of power. The Federation of Cotton Powerloom Associations of Maharashtra have observed that "the yarn required by a textile mill, a powerloom working on a cottage industry basis and a powerloom working in a regular factory should be of the same quality. However, the yarn required by the handlooms may be of a little inferior quality but it will be advisable if the handlooms use the same quality". We have, however, been informed that, on technical considerations the handlooms do not require warp yarn of the standard needed by the powerlooms and the price factor for such yarn may work against the economics of handlooms. According to the Federation, the quality of yarn used by

the textile mills in their weaving department is superior to the quality supplied to the powerloom industry and the count of yarn supplied is also uneven. The Federation have charged the textile mill industry as not paying proper attention to quality improvement. The count variation affects the production of the powerlooms and therefore it has been emphasised that "counts for warp and weft should be standardised and minimum breaking strength of yarn should be specified for the warp and weft counts". It was also complained that yarn in adequate quantities and in sized beams were not available at reasonable prices, at the required time, and that the stipulation that cone yarn should be in packed condition had resulted in many of the powerlooms located near the yarn supplying mills incurring avoidable expenditure on the packing charges. There were also complaints that the prices of yarn of different counts fixed by the textile mill industry under the Voluntary Price Regulation Scheme were much higher than what would be reasonable.

4.14. We understand that, during the period of statutory control on production, prices, etc., of cotton textiles prior to 1953, the minimum quality (count-lea-product strength) was specified for each count of yarn and statutorily enforced. We recommend, that, irrespective of any other regulations, there should be a strict control exercised on the quality of yarn made available by the textile mill industry for handlooms and powerlooms and suitable quality standards fixed for warp and weft yarn with appropriate price for each. We understand that the difficulties of handloom weavers in securing adequate quantity of fine and superfine yarn are persisting. The Textile Commissioner is reported to have issued a further administrative directive to the mills prescribing that the spinning mills should pack in hank form not less than 50 per cent of the supplies of yarn of counts 60s. and above. Similarly composite mills have been asked to pack at least 25 per cent of such yarn in hank form. While this would mitigate the difficulties of the handloom weavers, it would tend to aggravate the difficulties of the powerloom weavers as the overall supplies have to be shared by both handlooms and powerlooms.

4.15. This brings us to the main point as to whether the existing availability of yarn is sufficient to feed the powerlooms on a two shift basis and at the same time ensure continued, if not, increasing supplies of yarn to handlooms also. On this point, the Textile Commissioner made it clear that the answer should be in the negative for the next few years. On a hypothetical basis, if all the 82,000 powerlooms work on two shifts, the quantity of yarn required by them would be of the order of 150 million kgs. per year. This would leave, on the basis of the present trend of supplies, only 134 million kgs. of yarn for the handloom sector after making allowance of 10 per cent or 32 million kgs. for other miscellaneous uses including hosiery and rope making. This would mean that the handloom cloth production will be reduced to 1500 million yards, thus taking that sector back to the position that existed in 1956. It is, therefore, apparent that, under the existing level of availability of yarn, the unauthorised powerlooms which have come up in the recent years cannot work to their full capacity. The Textile Commissioner explained that the Government could not have obviously anticipated the unauthorised growth of powerlooms in such a magnitude nor was it possible for the executive effectively to restrain the growth of powerlooms.

4.16. In the past few years, it had been found necessary for the country to import a sizable quantity of foreign cotton of 1" and below staple just to make-up the short-fall in the supply. In this connection as already mentioned elsewhere in this report, the large influx of powerlooms in the country in recent years may be attributed primarily to the disparity in excise levy as between the mills and the powerlooms. This disparity is very high in fine and superfine categories of cloth. Consequently a pressure is exerted by the powerlooms for larger and larger supplies of yarn mostly of fine and superfine counts. India's production of long staple cotton is very limited and varieties having staple length of more than 1-1/16" are grown only in small quantities. Carded yarn even upto 60s could be produced from some varieties of Indian cotton. Larger imports of foreign cotton would mean expenditure of foreign exchange. The question, therefore, arises as to whether the inevitable increases in the per capita requirement of cloth for the next two or three Plan periods should be made to depend on imports of foreign cotton or whether the pattern of cloth production itself should be so aligned that production should come mainly from the Indian cottons. We have been informed by the Textile Commissioner that efforts are being made to step up production of Indian cotton. As Indian cotton would still be largely of short and medium staples only, there is no doubt that almost the entire additional production of cloth which could be envisaged for the next two or three Plan periods should be of coarse and medium categories only. This would mean that the availability of fine and superfine yarn for weaving both by the mills and by the decentralised sector will not significantly increase. Already acute shortage of superfine counts of yarn is being experienced with the resultant effect of pushing up the prices particularly for yarn of counts 80s and 100s. There is, therefore, a need both from the short and long-term points of view to impress on the textile mill industry as also the powerlooms and handlooms to adjust their pattern of production with a greater emphasis on the manufacture of medium varieties of cloth.

नवम्बर १९५६

CHAPTER V

PROCESSING, FINANCE AND MARKETING.

5.1. The small powerloom establishments generally sell the cloth produced by them in grey condition to intermediaries who sell the cloth after processing. Powerlooms require yarn to be obtained in sized beams and for the cloth produced requires to be

Processing

calendered bleached, dyed or printed. Processing enhances the value of the cloth; as a consequence, the intermediaries are able to derive a better margin than the margin accruing to the powerloom owners for the grey cloth. Appropriate facilities for processing of yarn and cloth for powerlooms are not available in a large number of centres. We were informed that grey cloth purchased from powerlooms in centres in the south are being transported to places in the north particularly to Bombay for processing and marketing. The master weavers and intermediaries who study the market demands virtually decide the pattern of cloth production of the small powerloom owners and, in this way, they no doubt perform a very important function. It is, however, desirable that powerloom owners should be enabled to market their cloth direct so as to derive the full benefit arising therefrom. It is very necessary therefore that processing factories should be established in the different centres in the country. These processing establishments may preferably be on co-operative basis, but we do not rule out such facilities being provided by private entrepreneurs in the several localities. During the Committee's visits to powerloom centres, it was noticed that the facilities which were provided from out of Governmental assistance to handloom co-operatives for processing of handloom cloth, were in some centres remaining idle or working only partially for the reason that adequate supply of handloom cloth was not available to feed the processing machines. In some cases, such establishments were remaining idle for want of working capital also. In Kerala, particularly in Cannanore area, we noticed that some private powerloom factories having pre-weaving facilities including facilities for supply of sized yarn in beams were not utilising such facilities in full. It was represented that a private sizing factory in Jabalpur was practically lying idle. It was also noticed that facilities for dyeing, printing and finishing of powerloom cloth were very inadequate in a number of centres. The Committee was given to understand that the Textile Commissioner had allowed the textile mills to process powerloom cloth also under special permission and that this had adversely affected the working of small private processing establishments particularly in Ahmedabad. Thus, while in some centres, there is processing capacity but no full utilisation, in some others there is either no capacity or the capacity is grossly inadequate. It is clear that the existing set up of processing establishments in the country is not aligned with the geographical distribution of powerlooms. It was also explained that there was an overall shortage in the facilities available for appropriate processing of powerloom cloth.

5.2. We consider that in the future set up, the pre-weaving and processing establishments should form an integral part of the set up

of powerlooms in the country. Sufficient inducements should therefore be given for the setting up of these processing facilities. In this context, we recommend that the processing capacity in the textile mills should in future be allowed to be expanded purely on the basis of the textile mill sector's own requirements. In addition, in a period of three years, on a phased programme, the present permission to mills to process outside cloth may be discontinued.

5.3. In this connection, it will be relevant to refer to the conflict of opinion in the matter of mechanised preparatory processes such as winding, warping and sizing in the small powerloom establishments—one school of thought advocating the adoption of mechanised processes in view of the necessity for effecting economies in production costs and the other school emphasising the prospect of a large volume of unemployment in case manual processes were substituted by mechanised ones. The contention of the first school of thought is that the quantum of such unemployment would not be such as to cause disequilibrium because some of the persons displaced would easily find employment in the centralised and mechanised processing factories while others could, in course of time, be absorbed in some employment-giving projects. We consider that the spread of electricity to wider areas would inevitably lead to the substitution of manual processes by mechanised processes and this evolution has got to be recognised. We have therefore provided for the mechanised pre-weaving facilities being organised and integrated with the set up of the powerlooms in different centres.

5.4. We recommend that in the matter of both pre-weaving and post-weaving processing facilities, the utilisation of resources should not get duplicated by creating capacities separately for handlooms and powerlooms. We would also recommend that the common service facilities should be capable of being utilised by handlooms and powerlooms both within and outside the co-operative fold. Wherever possible, such facilities should also be utilised by the art silk weaving sector.

5.5. In the various centres visited by the Committee, complaints were received almost unanimously that the powerloom sector has been ignored in the matter of provision of finance particularly for working capital. The small powerloom establishments are not treated on a par with the small scale industries for institutional financing. Except in the case of powerlooms installed under the scheme of conversion of handlooms to powerlooms, Governmental assistance is totally absent for the powerloom industry. This position is applicable to all the powerlooms whether cotton or non-cotton. An idea of the finances required for capital equipment, preparatory and other processing machines and working capital including marketing finance for cotton powerlooms can be had from the following figures:—

	Rs.
A. Capital cost	
(1) Capital cost of powerloom including motor and switches	3,000
(2) Capital cost of yarn preparatory, winding, warping and sizing	1,500

	Rs.
(3) Proportionate capital cost of calendering, bleaching and processing unit	1,300
Total capital cost	6,000
B. Working Capital	
(1) To cover yarn consumption, stocks and stock of finished cloth	2,000
(2) Other miscellaneous items including wages etc.	700
Total working capital required would be	2,700

Thus the total investment required for one powerloom with the proportionate investment on the preparatory processes etc. and for working capital would be about Rs. 8,700 on the assumption that the weavers' existing cottages could accommodate the powerlooms. If, however, separate accommodation has to be provided, we will have to allow a minimum Rs. 1,000 as the capital cost for building etc. thus raising the total expenditure to Rs. 9,700 or say Rs. 10,000 per loom. These estimates are based on the installation of new machines.

5.6. According to the data collected by our study teams in many centres the expenditure incurred by those who have installed looms, would amount to only a few hundreds of rupees for each loom plus a like amount for installation, motors etc. On the whole, as against the cost of Rs. 3,000 or so, for a new loom, the fabricated old loom would, on an average, have cost between Rs. 500 and Rs. 1,000. On a rough basis, assuming the expenditure at Rs. 800 per loom including motor, the actual investment for 85% of the existing number of old looms will be not more than Rs. 6 crores. For the remaining 12,000 looms together with their preparatory and processing machinery the capital expenditure may be assessed on the present prices at Rs. 7.2 crores. For the looms installed under the conversion scheme the capital expenditure would be about Rs. 4.5 crores. The total investment in the powerloom sector at current prices may be estimated at about Rs. 18 crores.

5.7. The capital cost of replacing 70,000 powerlooms spread over the next ten to twelve years at current prices would involve an investment of about Rs. 21 crores for looms only and a similar amount would be needed for ancillary, preparatory and processing facilities. The aggregate estimate for rehabilitation of the powerloom industry spread over the next ten or twelve years may therefore be placed at about Rs. 40 to 42 crores. In addition, the requirement for working capital which at present is provided by several sources at high rates of interest or commission would amount to about Rs. 20 crores thus raising the total requirement to about Rs. 60 to Rs. 62 crores. The annual requirement spread over say 10 or 12 years will be Rs. 4 crores per year excluding working capital.

5.8. Our enquiries have revealed that almost the entire capital for the purchase of looms has been found by the loom owners themselves and in many cases by selling jewellery, mortgaging property etc. In a number of cases, the more prosperous handloom weavers have been able to find the finance from their own resources. In the case of *benami* ownership, intermediaries and even textile mills are reported to have financed the setting up of the looms. For working capital, however, the powerlooms are generally reported to

Source of finance
for Capital

be facing difficulties in almost all the centres. The small powerloom weavers/owners have necessarily to seek the assistance of financiers, middlemen, yarn merchants etc. In a number of cases, these intermediaries were reported to be extorting unconscionably high rates of interest. In Punjab, for instance, the interest charged was reported to be as much as 20 per cent in some cases. In centres like Calcutta, yarn merchants were charging high prices for yarn in consideration of the supply of yarn on credit. According to the Federation of the Cotton Powerloom Associations of Maharashtra, generally the powerloom establishments are unable to obtain facilities from banks or any other institution for working capital. Some of the powerloom establishments have their own finances or resources and some of them are financed by multanis or commission agents who charge 9 to 12 per cent interest and in addition, charge a commission of 2 to 3 per cent on the sale of the products. In Mysore, it was reported that as the weavers had no holding capacity, they were obtaining money from cloth merchants through post-dated cheques over a month's period, the cheques being discounted with the local moneylenders at 2.5 to 5 per cent. Thus, the weavers were found to be virtually in the grip of cloth merchants and money-lenders.

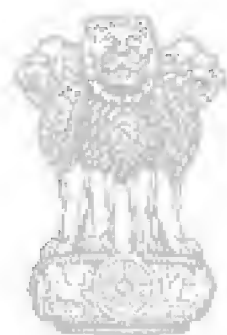
5.9. Even in the case of powerlooms introduced in the handloom sector under the conversion scheme sanctioned by the Government of India, the major difficulty experienced was in regard to working capital. The limit of Rs. 1,000 per loom fixed for this purpose has been found to be too meagre.

5.10. In all the centres the powerloom interests requested that institutional financing arrangements should be provided for working capital requirements. We would lay considerable emphasis on the importance of adequate working finance for the proper functioning of the powerloom industry in the country. In the light of the important role which the decentralised sector will have to assume in supplying the clothing needs of the country in future, all efforts should be made to ensure that the powerlooms obtain the necessary finances at fair rates of interest. The State Finance Corporations, Government loans under the State Aid to Industries Act, and commercial banks, particularly the State Bank of India, may have to step in in a big way to fill the gap. The resources of these financing institutions may have to be adequately augmented in order to make them take up these responsibilities.

5.11. Sufficiency of working capital, availability of raw materials in adequate quantities at the required time, the capacity of the powerloom weavers to hold on to stocks in times of depression, and their ability to study the markets and adjust the pattern of production are some of the important factors which govern the successful marketing of powerloom cloth. The growth of the powerlooms in the recent past having been haphazard and almost wholly in contravention of law, there has not been any regulated development in so far as the marketing activity is concerned. We have explained elsewhere in this report the part which the master weavers and other intermediaries have been playing in the matter of supply of raw materials, production of cloth, processing and sales. Powerloom cloth has to compete with similar types of cloth manufactured by textile mills.

Marketing

Handloom cloth is distinct in this respect. The vicissitudes of the textile mill cloth market have their immediate reactions on the powerloom cloth as the textile mill cloth rules the market. The trade representatives explained to us that, other factors remaining the same, there is a consumers' bias against powerloom cloth which depresses its price vis-a-vis the mill cloth of the same variety and answering the same quality and description. It was stated that, as compared with mill cloth of identical quality and description, powerloom cloth would fetch a price 10 to 12 per cent less in the market. In many centres, it was represented to us that co-operative marketing organisations may be set up for marketing of powerloom cloth. In the future set up, at any rate, when almost the entire additional requirement of cloth has to be supplied by the decentralised sector by the introduction of powerlooms in the handloom fold, efficient marketing of powerloom cloth would assume paramount importance. The arrangements for marketing should include market research to cover the study of consumers' tastes so as to adjust the pattern of production from time to time. We therefore recommend the formation of co-operative marketing institutions for the powerlooms in the different centres.



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CONVERSION SCHEME OF HANDLOOMS TO POWERLOOMS

6.1. The Textile Enquiry Committee (Kanungo Committee) considered that the ultimate replacement of handlooms into powerlooms was inescapable, visualised a decentralised powerloom industry organised on a co-operative basis and recommended a phased conversion programme of handlooms into powerlooms in the co-operative sector. In the Second Plan period, the then Ministry of Commerce and Industry introduced a scheme for the installation of 35,000 powerlooms in the handloom sector, the main conditions of the scheme being:

- (a) The allotment of looms would be on a co-operative basis as in the existing handloom industry;
- (b) The existing co-operative societies would be assisted to the change over to powerlooms;
- (c) Other powerloom co-operative societies may be formed of existing individual handloom weavers;
- (d) Powerlooms should normally be housed in weavers' cottages themselves;
- (e) The co-operative unit of powerlooms to be formed should normally be small in size—say of 10 looms;
- (f) Powerloom units should be located only in rural areas. For this purpose a town with a population of 30,000 or less will be considered as a rural area;
- (g) Only one powerloom to each weaver normally should be allotted. Where, however, a weaver has three or more handlooms worked by himself and the members of his family, he can be allowed a maximum of two powerlooms;
- (h) It is not necessary to insist that where a powerloom is put into commission, the handlooms should go out of commission. For instance, if any relative of the handloom weaver to whom powerloom is allotted wishes to work the handloom as a member of the handloom weavers' co-operative, he may be allowed to do so; and
- (i) Powerlooms under this scheme are meant exclusively for production of cotton cloth only.

6.2. Certain specific measures of financial assistance were also devised providing for a loan upto 87½ per cent of the share capital of Rs. 100 each for membership of the co-operative societies, a loan of 100 per cent of the cost of the powerloom plus motor and provision for meeting the capital expenditure for preparatory and processing plants, half as grant and half as loan, and an outright grant towards recurring expenses in connection with the servicing of the looms and technical instruction. A loan at the rate not exceeding Rs. 500 per loom towards working capital was also sanctioned. The scheme for introduction of 35,000 powerlooms in the cooperative sector of handlooms was also included in the Second Five Year Plan and a target of cloth production of 200 million yards was estimated as the possible

contribution from these powerlooms. It was also conceived that the powerlooms would be cottage powerlooms costing between Rs. 800 to Rs. 1,000 each. The State Governments were requested to draw up schemes for the installation of powerlooms on the above basis and give an approximate idea of the number of powerlooms required by each State. Instructions were also issued for recruitment of line jobbers for assisting the installation of looms and training weavers in working thereon. The Government of India advised the State Governments to select the weaving centres where electric power was available and to frame schemes in consultation with the weavers in regard to the number of powerlooms required, whether the looms were to be given to the existing societies or whether new societies were to be formed. The State Governments were also asked to indicate clearly whether the looms would be housed in the weavers' cottages or in a factory and make necessary provision for central preparatory section. The marketing of the cloth produced on the powerlooms by the co-operative societies was fixed as the responsibility of the societies themselves. In a circular issued in September, 1956, the provision of working capital was raised from Rs. 500 to Rs. 1,000 and these State Governments were informed that any loss on account of the supply of power to the powerlooms at concessional rates sustained by the private electric supply undertakings would be met in equal proportion by the State and Central Governments. It was explained that there would be no objection to loans being given to the handloom weavers under the provisions of the State Aid to Industries Act. Certain concessions were allowed in March, 1957, in the matter of interest chargeable on the loans sanctioned and repayments by annual instalments. The Central Government also agreed to bear 50 per cent of the recurring expenses for a period of three years on any special supervisory cooperative staff employed for the powerloom cooperatives under the Scheme.

6.3. Under the scheme about 13,500 looms were reported to have been sanctioned and 8,885 looms installed by the different State Governments. Statewise details are given in Table No. VII in Chapter II. The response from all the State Governments was not equally encouraging. The Government of Andhra Pradesh kept aloof while the Government of Madras got 15 looms sanctioned on an experimental basis. The Government of Madras had earlier set up pilot powerloom units in some places. The largest number of looms viz., 2,500 sanctioned under the scheme went to Maharashtra while States like Assam and Bihar which had no powerloom industry and where the textile mill industry also had not made any significant headway, got 230 and 1,300 powerlooms, respectively. While the State Governments were proceeding with the installation of powerlooms on a phased programme, backed by considerable amount of financial assistance by way of loans and grants, it came to light even in 1959 that a very large number of powerlooms had come into existence without any governmental help and in contravention of the restrictions placed over the acquisition or installation of powerlooms in the country. It is understood that the Government, therefore, reviewed the policy with regard to the installation of powerlooms in the co-operative sector of the handloom industry in consultation with the Planning Commission and considering the adverse repercussions on the employment position on account of the "coming into existence of a large number of powerlooms", came to a decision that

"no further schemes will be sanctioned for the installation of powerlooms in the co-operative sector". It was also mentioned that "in some cases, the benefits from the setting up of powerlooms accrued to the millowners rather than to the owners of the powerlooms whether they are individuals or co-operatives". A view was also held that "the amount spent on the installation of powerlooms could be more usefully utilised for the improvement of the general standard of production of handlooms and for promoting their exports with a view to augmenting foreign exchange". While no further sanctions were to be given for the installation of powerlooms under the scheme, the State Governments were informed that "where irrevocable commitments have already been made, the existing sanctions will hold good and the schemes would be allowed to be completed in accordance with the general pattern of assistance" and that, in cases where irrevocable commitments had not been made, the sanctions would be cancelled. The State Governments were asked to ascertain and report the number of powerlooms in respect of which further implementation would be necessary in the Third Plan in accordance with this directive.

6.4. The progress of implementation and the successful working of the conversion scheme depended on the approach adopted by the different State Governments in this respect.

Progress in the States

In the Madras State powerlooms were not given any encouragement as considerable impetus was being given to the formation of handlooms co-operatives. Only 15 powerlooms were allotted and installed under the scheme. During its visits and enquiry in the Madras State, however, the Committee received a number of representations from the weavers that the conversion of handlooms into powerlooms was necessary and should be brought into effect on a co-operative basis.

Mysore was allotted 2,000 powerlooms under the scheme. The President of the Mysore State Cotton Handloom Weavers' Co-operative Society expressed himself against the introduction of powerlooms in the handloom sector and stated that the Apex Society did not accept the implementation of the scheme. Another difficulty was that the Reserve Bank of India was not agreeable to provide funds for powerloom production to the handloom societies where powerlooms had been installed. An opinion was expressed that the implementation of the powerloom scheme had not only been not successful but had hampered the smooth working of the handloom weavers' co-operative societies. It was also stated that the distribution of the powerlooms among the weavers in the co-operative societies produced considerable disunity and dissension among the members as discrimination had cropped up. It was alleged that the weaker sections of the members of the society were denied the facility of owning powerlooms while the more influential sections managed to secure looms. The main reasons for the failure of the scheme were however inadequate financial assistance, lack of technical know-how and lack of preparatory weaving and processing facilities. The installation of powerlooms in the weavers' sheds proved difficult as a minimum accommodation was necessary to instal powerlooms and the construction of suitable accommodation either new or by alternation in

the existing weavers' cottages was beyond the means of the large number of weavers. The powerlooms had naturally therefore found their way to influential people in the co-operative societies. It was brought to our notice that some of the looms allotted to a society in Mysore State were lying in unopened boxes. The first instalment of the loan repayable by the society had however become due which had sapped the finances of the society. It was explained that the introduction of powerlooms instead of helping the weavers had only resulted in the Government burdening the weavers' society with a 'bundle of loans'. Another factor which militated against the successful working of the scheme was that the condition imposed for installing the looms in rural areas with a population of less than 30,000 created many practical difficulties especially in regard to transport of both raw materials and finished product, replacement or repairs of loom parts and in regard to mechanical workshop facility and technical supervision. The difficulties were encountered generally in almost all the States.

In Punjab, the scheme of conversion of handlooms into powerlooms did not make full progress owing to certain administrative and procedural delays. Three of the Co-operative Societies which had been allowed looms under the scheme did not obtain loans sanctioned by Government and could not purchase the looms in time while the manufacturers insisted on production of tex marks before selling the looms. Tex marks themselves could be got issued only on proof of possession of looms. In the meantime, the Government of India had taken the decision to discontinue the scheme except in cases where there were irrevocable commitments and therefore the handloom co-operative societies could not proceed with the scheme.

In Maharashtra the working of the scheme suffered severe handicap on account of the shortage of working capital. Limited borrowing capacity of the societies, idle capacity, delay in the supply of powerlooms and difficulties experienced in the supply of power had all contributed to the ineffective working of the scheme. Our attention was also drawn to the fact that the powerlooms were located in distant rural areas where cheap power was not available and that the other restrictions had also contributed to the difficulties.

In Gujarat also the scheme did not succeed as a number of societies got insufficient allotments of powerlooms. The handloom weavers were encouraged to continue to work on the handlooms and this created internal problems of finance, organisation, technique, etc. even between the members of the same societies. According to the State Government the number of powerlooms sanctioned to the societies was "hopelessly inadequate to make a viable and economic unit". According to them a minimum of 10 to 15 or even 20 looms should be given per member in a society, as a weaver's family consisting of 4 or 5 adult members could easily operate 10 looms without employing any hired labour. Unless the weaver had a share in the co-operative society equal to about 10 looms, he would not be interested in taking up to powerlooms. The approach of the Government of Gujarat in the matter of powerloom industry was one which would aim at "extending large scale assistance to the existing handloom and powerloom weavers to form into viable co-operative units and concentrate on powerloom weaving to start with

but gradually extending its activities to cover both spinning and weaving under one shed". According to this Government "the chief objective of all transitional concessions i.e. subsidies or incentives must be ultimately to bring about composite mills owned by those for whom the handloom and powerloom industry is a traditional occupation".

In West Bengal, the scheme took the pattern of (i) introduction of powerlooms in the existing handloom weavers' co-operative societies, and (ii) formation of exclusive powerloom co-operative societies consisting not necessarily of handloom weavers, but gradually attracting the handloom weavers as worker members in those societies. It was explained that the State Government was prompted to adopt the above pattern with the object of finding fairly remunerative vocation for educated middle class unemployed persons by the formation of powerloom co-operative societies and enlisting the middle class educated unemployed as members of the societies. Out of the hundred societies formed with a total of 1,600 looms, each unit comprising sixteen looms, thirteen units only comprised existing handloom weavers' co-operative societies where powerlooms were introduced and the remaining eighty-seven were newly formed powerloom co-operative societies. Handloom weavers were being gradually drawn into these new societies as worker members and it was reported that at present not more than thirty per cent would be such handloom weaver members in these societies. It was also explained that considerable difficulty was experienced by the State Government in the matter of locating these societies in well-defined places. Initially eight societies were formed, two in Cooch-Bihar, five in Darjeeling and one in Jalpaiguri. Each society was having sixteen looms. The looms were working in common sheds, but on account of the emergency, the societies had to be shifted to places near about Calcutta. The largest concentration of these societies is in the 24 Parganas, having 46 such societies. These societies are reported to have been experiencing difficulties in obtaining yarn at fair prices and for preparatory, processing facilities, etc. The West Bengal Government was not happy with the sudden termination of the scheme of conversion of handlooms into powerlooms and was emphatic that the scheme should have been continued.

Certain complaints were received that the powerloom co-operatives were also in the clutches of financiers and middlemen and that the weavers were employed only on hired basis. While this complaint has not been rebutted, we were informed that the process of drafting weaver-worker-members was gradually getting strength and that it would, therefore, be possible, in due course, to ensure that the full benefit of co-operation went to weaver workers only. As regards the role of middle-men and financiers, it was explained that owing to acute shortage of working finance, there was no other way open to them except to take the help of financiers. Most of the looms were working three shifts. Shortage of working finance was also standing in the way of the units of the co-operative societies selling their products independently in the open and competitive markets at better prices. A central marketing organisation either State-owned or in the co-operative fold was suggested in this regard, so that the central organisation could arrange to supply these societies with quality yarn direct from the spinning mills, supervise the

production by giving specifications according to the needs of the consumers and market the cloth.

The Government of Orissa is reported to have set up eight units of one hundred looms each working under one roof. The installation of powerlooms under the scheme in the rural areas, had created several problems like high cost of production on account of location in rural areas, higher transport charges both for yarn and cloth and want of adequate preparatory and processing facilities.

Assam, being a deficit state in cloth production, the Government was keen on increasing the number of powerlooms to be installed in the co-operative fold under the conversion scheme.

The Government of Bihar was keen on encouraging powerlooms being set up only in the handloom weavers' co-operative societies. Powerlooms had been allowed in seven districts and these looms were reported to be producing only dhoties. A view was expressed that the ideal method of setting up powerlooms would be to have centralised sizing and processing plants, the powerlooms being located within a radius of two or three miles thereof.

In Uttar Pradesh although the powerlooms introduced in the handloom co-operative sector had been idle, the repayments of instalments towards Government loans were being recovered regularly thereby adversely affecting the financial position of the societies. Dearth of finance for working capital was cited as one of the major factors which had rendered these powerlooms in the co-operative sector ineffective. The State Government was of the view that the powerlooms should be organised only in the handloom weavers' co-operative fold and should be given adequate financial assistance particularly for working capital and that the co-operative powerlooms should be allowed the freedom to change over to art silk. In order to allay the difficulties in the initial stages, it was suggested that the "repayment of loan advanced to the co-operative societies for installation of powerlooms should commence not less than two years from the commencement of production".

As in the case of other States, in Madhya Pradesh the inadequacy of working capital for working the powerlooms had caused serious difficulties to the handloom weavers' co-operative societies in which the powerlooms had been introduced. In addition, lack of bleaching and calendering facilities was reported to be causing handicap. The scheme did not make much headway on account of the conditions imposed regarding the location of the powerlooms in rural areas with a population of less than 30,000, lack of facilities to obtain sized beams and for marketing of cloth, lack of power, etc. In Jabalpur for instance, out of 20 powerlooms allotted to a weavers' co-operative society, only 4 looms were stated to be working and the remaining looms were unable to work on account of lack of power supply. In another society, to whom 50 powerlooms had been allotted, none of the looms was working as the co-operative society was located outside the municipal limits and power supply was also not available.

The Government of Kerala was in favour of continuing the scheme. The Societies to which powerlooms were allotted, were finding it difficult to work satisfactorily on account of the fact that

sizing and bleaching facilities were not available and some of the private composite factories who had such facilities were reluctant to extend assistance to these co-operative societies. The marketing of the products of the powerlooms in the handloom co-operative fold had not been taken over as the responsibility of the handloom apex weavers' society. A growing demand for installation of powerlooms in the co-operative fold was anticipated by the Government. As power supply is available practically through-out the State and communications are well-developed, the State Government was in favour of expansion of powerlooms by a large scale introduction in the handloom co-operative fold as also to a limited extent, allowing small entrepreneurs to have their own looms.

6.5. To sum up, the scheme did not meet with full success, not because the weavers did not take to the scheme with enthusiasm, but mainly because of :—

- (i) Insufficient financial assistance provided for working capital,
- (ii) the condition imposed for implementing the scheme in handloom co-operatives in rural areas with population less than 30,000 which, in some cases, did not encourage the scheme,
- (iii) absence of simultaneous arrangements for providing pre-weaving facilities, winding, warping, sizing, etc. for supply of yarn in sized beams as also post-weaving finishing arrangements,
- (iv) absence of arrangements to ensure that, in the allocation of looms, in the co-operatives, the benefits arising therefrom did really get distributed among all the members of the co-operatives.

In regard to location of looms presumably the idea in prescribing the maximum limit of population was to make the powerloom conversion scheme a medium for rural industrialisation. It is clear that the efficient working of the powerlooms does not depend merely on the powerlooms as such, but on the ready availability of facilities for preparatory and finishing processes including sizing, calendering, bleaching, technical supervision and so many other factors which cannot be made available in rural areas. The gravitation of the looms to places near about the cities obviously followed the natural course in the prevailing circumstances.

6.6. We understand that between the formulation of the scheme and its actual implementation, there was a considerable time lag. The weavers and even some of the State Governments did not initially realise the importance of the scheme and in some of the States there was also a positive reluctance to adopt the scheme. As the apprehensions of the weavers and State Governments were being overcome and the initial process of implementation of the scheme was gathering momentum, in some of the States the scheme was discontinued. We did not come across any case of the mill-owners having entered the field opened under the conversion scheme or derived any benefits therefrom. The conversion of handlooms into powerlooms on the co-operative basis was conceived as an important measure of improving the lot of handloom weavers in the

country. The abrupt giving up of the scheme in its entirety was apparently not the appropriate solution to the problem created by the large number of powerlooms which had otherwise come up in the country. The major concentration of unauthorised powerlooms was in the State of Maharashtra. States like Orissa, Kerala and Bihar who had taken up the conversion scheme with enthusiasm, were, as a result of the decision compelled to discontinue it and thereby a very useful measure of improving the lot of handloom weavers was denied to them. Thus, even in those States where the potentiality, for the conversion of handlooms into powerlooms was strong, the conversion scheme and the growth of powerlooms in place of handlooms on healthy lines was arrested because of the application of an all India policy uniformly to all the States. We recommend the revival of the scheme to benefit the handloom weavers in those societies which are located in the vicinity of main cities and towns where the required facilities are available.



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CHAPTER VII

Economics of Working of Cotton Powerlooms

7.1. Powerlooms as such play, at present, only a complementary role to the textile mills in the matter of supply of cloth although, the powerloom products have to compete with the mill products in the cloth market. The major production being accounted for by the textile mills, the study of economics of powerlooms has necessarily to be related to the performance of the textile mills. The analysis of the economics of working has therefore aimed at segregating the areas in which the powerlooms have an advantage over the mills and those in which they suffer disadvantages and assessing the net result of advantages and disadvantages. Our examination has been made on the basis of the actual costing, up to the production level for comparable products. For the study of the economics of marketing including prices and quality differentials etc. we have utilised information supplied to us during the course of our enquiry. We have also attempted to study the economics of working *interse* of the powerloom units of the different size groups. This has been studied with reference to production cost only as, at the marketing stage, there is no distinction between cloth produced by the powerlooms in the different size groups.

7.2. Difficulties have been experienced in ascertaining costs of production in the small units, as owners being self-employed, the operation costs mostly merge with the return on investment. In such cases we have made use of the wage data for the weavers in the respective centres for determining the wage elements and the returns separately. Reliable data of production, raw material costs, etc. have been very meagre except in the case of bigger undertakings of powerlooms, working on partnership or joint stock company ownership. Considerable efforts had therefore to be put in by questioning and obtaining verbal information and verifying consistency of data furnished by checking up with reference to other factors like input, wages, etc. In the case of big sized units a disturbing factor has been the idle capacity which many of them are carrying owing to curtailment of loom-working on account of excise duty. The powerloom establishments, quite apart from their size differentials, lack homogeneity in the types and ranges of machinery and equipment installed and employed. The small units have only the looms and pirn winding equipment. In the medium and big sized units the equipment installed differs from unit to unit, some of them having self-contained weaving preparatory equipment while others depend on outside processing units. Comparative mill costs generally follow the usual working adopted in fixing fair ex-mill prices for cloth and as far as possible, the nearest comparable varieties have been taken for this purpose.

7.3. Irrespective of the size of the units, the powerloom establishments in general obtain yarn at rates much higher than those

Raw Materials at which the composite mills are able to utilise their own yarn. This constitutes one of the major handicaps suffered by the powerlooms. Yarn is used by the composite mills straight from their spinning department, while the yarn going to the powerlooms has to be coned, packed and baled. In addition, the powerlooms have to bear the element of profit to the mills, trade margins, cost of transport and fiscal levies like sales tax, octroi, etc. We have attempted to assess the extent of the handicap suffered in respect of yarn by adopting two independent approaches, one on the basis of information obtained from the important yarn markets serving the powerlooms; the other on the basis of actual studies of cost of powerloom products in comparison with mill costs. Tables IX and X give the comparative data worked out on these two methods of approach.

TABLE IX
Comparative Yarn rates for mills and powerlooms

On the basis of market rates				
Count	Mills' controlled rates	Net yarn rates to the mills excluding mills profit	Price paid by powerlooms excluding excise duty	Percentage increase for powerlooms over mills
(In Rs. nP. per 10 lbs.)				
<i>Lower Medium</i>				
20s H	22.75	19.11	23.45 (Kulapuram)	22.7
	22.75	19.11	24.50 (Mysore)	28.2
20s C	25.60	21.58	25.47 (Madurai)	18.0
22s H	23.14	19.44	25.00 (Ujjain)	28.6
24s H	24.31	20.43	26.25 (Ujjain)	28.4
<i>Higher Medium</i>				
26s H	26.10	21.92	27.50 (Mysore)	25.4
26s H	26.10	21.92	30.25 (Jabalpur)	38.0
26s H	26.10	21.92	26.77 (Malegaon)	22.1
28s H	26.80	22.52	28.75 (Ujjain)	27.6
30s H	27.50	23.10	28.25 (Coimbatore)	22.3
30s H	27.50	23.10	30.00 (Burhanpur)	30.0
30s H	27.50	23.10	33.00 (Jabalpur)	42.9
30s H	27.50	23.10	30.75 (Ujjain)	33.1
30s C	30.70	26.40	31.25 (Calcutta)	18.4
30s C	30.70	26.40	30.27 (Calcutta)	14.6
30s C	30.70	26.40	31.27 (Tanda)	18.4
32s H	28.28	24.76	31.25 (Ujjain)	26.2
32s H	28.28	24.76	31.77 (Malegaon)	28.3

TABLE IX (Contd.)

Count	Mills' control- led rates	Net yarn rates to the mills excluding mills profit (In Rs. nP. per 10 lbs.)	Price paid by power- looms exclu- ding excise duty	Percentage increase for powerlooms over mills
<i>Fine</i>				
40s C	36.50	31.39	37.00 (Calcutta)	17.9
40s C	36.50	31.39	38.96 (Calcutta)	24.1
40s C	36.50	31.39	38.41 (Calcutta)	22.4
40s C	36.50	31.39	40.91 (Tanda)	30.3
40s H	33.00	29.72	36.00 (Malegaon)	21.1
<i>Superfine</i>				
60s H	48.40	41.66	55.00 (Burhanpur)	32.0
60s H	48.40	41.66	58.60 (Burhanpur)	40.7
60s C	52.36	45.03	60.37 (Calcutta)	34.1
60s C	52.36	45.03	56.37 (Calcutta)	25.2
60s H	48.40	41.66	53.37 (Malegaon)	28.1
80s C	73.35	63.08	76.37 (Ichalkaranji)	21.1
80s C	73.35	63.08	78.37 (Ichalkaranji)	24.2
80s C	73.35	63.08	74.37 (Coimbatore)	17.9
100s C	92.97	79.95	95.40 (Calcutta)	19.3

NOTES.—(1) C=Concs. H=Hanks.

- (2) Net yarn rates to mills exclude profit of 8% on turnover and reeling, packing, etc. charges, which have been deducted from the prices fixed under the voluntary price regulation scheme.
- (3) For powerlooms the rates exclude excise duty as the excise rates are common both to mills and powerlooms but include freight, transport, octroi, etc. These rates were ascertained at the time of the study team's visit.

TABLE X
Comparative yarn rates for mills and powerlooms

(On the basis of cost data)

Variety costed	Incidence of yarn cost		Percentage increase for power- looms over mills
	Mills	Powerlooms	
	(in nP. per yard)		
<i>Lower Medium</i>			
Gada cloth 20s × 18s-48" wide	64.7	82.6	27%
Shirting 20s × 20s-36"	46.8	54.6	17%
Shirting 20s × 20s-30"	48.3	61.1	26%
Gada cloth 20s × 20s-59"	65.2	79.6	22%

TABLE X (Contd.)

Variety costed	Incidence of yarn cost		Percentage increase for power- looms over mills
	Mills	Powerlooms	
	(in nP. per yard)		
<i>Higher Medium</i>			
Grey dhoti 30s × 40s-52*	41.1	54.0	31%
Grey saree 30s × 30s-48½*	49.0	64.6	32%
Grey saree 26s × 26s-44"	63.7	76.4	19%
Grey saree 20s × 30s-42"	76.0	98.6	30%
<i>Fine</i>			
Saree 40s × 50s-46* × 10 yards	68.7	79.7	16%
Dhoties 32s × 40s-45" × 10 yards	37.0	46.3	25%
<i>Superfine</i>			
Grey dhoti 60s × 60s-46* × 10 yards	58.2	68.1	17%
Grey dhoti 60s × 80s-47" × 10 yards	66.0	87.8	33%

7.4. The handicaps expressed as a percentage over the mills' cost for yarn under these two methods are :—

	Based on market price	Based on cost analysis
Lower Medium upto 26s	18.0 to 28.6%	17 to 27%
Higher Medium 26s to 34s	14.6 to 42.9%	19 to 32%
Fine 35s to 47s	17.9 to 30.3%	16 to 25%
Superfine 48s & above	17.9 to 40.7%	17 to 33%

These two approaches reveal a common trend. Centres like Jabalpur and Burhanpur which are not proximate to the yarn supplying centres are paying higher prices for yarn; likewise looms located in rural areas have to pay additional transport charges. While it would be erroneous to apply rigidly a particular figure as representing the handicap suffered by the individual powerloom units, we consider that, purely for purpose of general assessment, the following percentages may be taken as realistic indicators :—

Yarn of counts below 26s (Lower Medium)	23 per cent
Yarn of counts 26s to 34s (Higher Medium)	28 per cent
Yarn of counts 35s to 47s (Fine)	21 per cent
Yarn of counts 48s and above (Superfine)	25 per cent

The handicap suffered is between 21 and 28 per cent, as compared with the mills. This was the extent of handicap at the time of the costing of the units in the middle of 1963. Though the bigger powerloom establishments could afford bulk purchases of yarn with long

term arrangements with particular mills, the same facility cannot be had by the preponderatingly large number of small powerloom establishments.

7.5. Yarn supplied by the mills to the market is generally reported to be not of the same quality as yarn spun for the mills' own use for weaving and this has been adduced as a factor responsible for breakages in weaving, resulting in the pushing up of weaving costs, reducing loom shift production of cloth and fetching of lower prices for fabrics in the market.

7.6. The productivity in the powerloom establishments is lower than the productivity of looms in the textile mills for the reasons that in most of the powerloom establishments yarn used is of uneven quality leading to breakages in weaving, the looms employed are old or assembled from loom rejections by the mills and there is also inadequacy of proper technical skill and supervision in the maintenance and operation of the looms. While these drawbacks tend to reduce the productivity of the powerlooms, the Committee has been informed that, in some centres, the weavers attempt to increase the yardage production by reducing picks despite deterioration in quality, as larger yardage per loom shift in the case of looms subject to the compounded system of excise levy means less incidence of excise per yard. This has been admitted as an unhealthy practice. The combined effect has, however, been that the powerloom cloth invariably commands a price only at a discount. The utilisation and productivity of looms differ from centre to centre and also vary according to the types of the fabrics woven and the yarn counts used. The small powerloom units being free from the rigours of the Factory regulations, often work for longer hours of shifts lasting even upto 12 hours. Analysis of shift working and productivity in different centres depict the following picture :—

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TABLE XI

Centre	Duration of shifts (hrs.)	No. of shifts worked	Varieties normally produced	Production per shift reduced to 8 hrs. (yds.)	Average No. of shifts worked on the basis of 8 hrs.
Malgaon . . .	8 to 12	1	Superfine coloured sarees Plain varieties.	29 35	1.2 1.2
Mysore . . .	8	1	Lower medium gada cloth cloth.	38	1.0
Sholapur . . .	9 to 10	2	Coarse Jacquard chaddars.	32	2.3
Ichalkaranji . . .	8	3	Superfine dhoties Superfine mulls	32 35	3.0 3.0

TABLE XI (Contd.)

Centre	Duration of shifts (hrs.)	No. of shifts worked	Varieties normally produced	Production per shift reduced to 8 hrs. (yds.)	Average No. of shifts worked on the basis of 8 hrs.
Burhanpur . . .	10 to 12	1	Higher medium, fine & superfine coloured sarees.	25	1.4
			Grey varieties . . .	35	1.4
Jabalpur . . .	10 to 12	1	Higher Medium, coloured sarees.	25	1.4
Coimbatore & other centres in Madras State	8	3	Higher medium Gada cloth	40	3.0
Cannanore . . .	8	1	Higher medium, shirtings & coatings.	35	1.0
Calcutta . . .	8	3	Superfine, dhoties & sarees (Plain varieties).	33	2.5
Tanda . . .	8	1	Higher Medium mulls .	40	1.0
			Dhoties . . .	30	1.0
Bhiwandi . . .	8	3	Superfine, mulls and dhoties.	35	3.0

In assessing the average number of shifts worked by the powerlooms in the country, we have necessarily to allow for seasonal fluctuations in working, stoppages on account of breakdown, (even in the textile mills the maximum utilised capacity is 90% in the first shift), inactivity for want of raw-material and deliberate closing down of partial capacity on account of high excise levy, etc. It has also been noticed that many of the single loom owners employ themselves on ancillary work and do not continuously work on their looms. Taking an overall picture in the country as a whole, the average shift working of the powerlooms could be assumed at 1.5 per day of 8 hours per shift.

7.7. Powerloom establishments in their working fall under four broad classifications :—

- (1) Owner operated units—mostly single looms.
- (2) Units operated both by owners and by hired labour.
- (3) Operated exclusively by hired labour.
- (4) Units rented out on monthly payment basis.

The first two categories generally are owned by traditional weavers who have switched over from handlooms to powerlooms as also weavers coming out from textile mills who had started their own

weaving establishments. Hired labour is employed in these establishments wherever family members are not available to work additional shifts. The working of these first two categories is largely household or domestic in character employing upto four looms where the return on capital is not distinguishable from the return on effort put in.

The third and fourth categories have sprung up as purely commercial enterprise and function as such although in a number of cases they are shown as small units with independent existence and ownership. The excise disparities have contributed to their growth inducing both middle men and financiers to enter the field purely in expectation of the higher return on investment available in their working. This category also includes the big sized weaving factories mostly owned as partnership or by private or public limited companies formed as a medium or large scale industrial enterprise a number of years ago when the powerlooms were not within the excise fold.

7.8. The economics of working of the third category viz. powerlooms operated exclusively by hired labour would differ according to the sizes as also according to the *de facto* ownership. Investment made on such of the powerloom units as are worked on *benami* basis by the same entrepreneur gives him the benefit of not only avoiding payment of excise levy on the basis of total number of looms owned which would otherwise have been payable but also gives him the facility of obtaining the economies arising from bulk purchase of yarn, adjusting pattern of production and better marketing. The weavers' wages, continuity of work, conditions of working etc., are subordinated to the realisation of maximum return by the actual owners of the looms. Bigger units coming under the excise fold cannot derive these advantages as they are subject to Factory and Labour Laws and the workers are themselves in a better bargaining position. It has not been possible to investigate into the economics of working of powerlooms set up under *benami* ownership. Hiring out of looms is done by middle class investors more as business investment creating absentee ownership.

7.9. The "wages" element in the cost of production of powerloom cloth in small units is influenced by the several factors like *de facto* ownership of small units, facilities for continuous working, conditions of working etc. The other powerloom factories have necessarily to conform to a certain standard of wage rates, dearness allowance etc. and are subject to different social legislations and awards of the tribunals. It has been brought to our notice that "in the case of small units, however, which do not come under the Factories Act and are not statutorily required to pay minimum wages, bonus, gratuity, etc., to the workers, there is considerable savings in the wages of the workers. Since the units do not pay any excise duty, considerable benefit is derived by the owners or financiers who work them".

7.10. The rates of wages to weavers differ from centre to centre. The general practice is to pay on piece or yardage basis the rate being so fixed as to ensure a level of wage in comparison with other occupations. The average rates of wages earned by the powerloom

weavers and the return to the owners in the different centres are as in the following table :—

TABLE XII

Centre	Wages per month of weavers Rs.	Return to the owner per loom per month Rs.	Remarks
Malegaon	80 to 120	80 to 100	The return is higher in coloured sarrees than on grey varieties.
Mysore	40 to 60	..	Self-employed owners.
Sholapur	100 to 120	100	Jacquard looms.
Ichalkaranji	60 to 90	40	Plain looms.
Burhanpur	50 to 60	80 to 100	Coloured sarrees.
Jabalpur	70 to 80	..	Owners are self-employed.
Coimbatore (Co-operative society)	65 to 110	45	..
Cannanore.	80 to 100 (co-operative fold) 60 to 80 (outside the co-operative fold)	..	Coatings and fancy fabrics.
Virudhunagar } Rajapalayam } Madurai }	90	..	Do. Bigger units.
Tanda	70 to 90	40	..
Calcutta	100 to 120	..	Bigger units.
Bhiwandi	100 to 120	60	..
Bombay City	100	75	..
Hyderabad	50 to 60	..	Bigger units.

In the case of bigger units we have not shown the net return as the units are incurring losses or making only nominal profit. The earning of a powerloom weaver-owner or a paid weaver is Rs. 100 per month or above in several of the principal centres, accounting for about two-thirds of the total number of powerlooms. In other centres, accounting for one-third of the total number of powerlooms, it varies from Rs. 50 to Rs. 90 per month. The weighted average earning for the total number of powerlooms for which data have been collected comes to Rs. 86.50 per month. The gross return to the owner, may be around Rs. 75 per month.

7.11. The "wages" element in the cost of production in both powerlooms and mills has been analysed by our Costing Officers. Usual methods of costing involve a dissection of costs per yard of

material produced under "raw materials", "wages", "power and fuel" "stores and spare parts", "depreciation", "sundries and overheads". The difficulties faced in finding out costs of the small powerloom establishments, which cover almost 90 per cent of the powerlooms in the country, have already been explained in the earlier portions of this chapter. For obtaining comparative data, as far as possible, cost of similar or near similar products manufactured by mills have been taken and duly adjusted for variations in the manufacturing particulars of cloth produced by the powerlooms. The normal procedure followed for finding out of cost of cloth produced by textile mills is to categorise it broadly into coarse, lower medium, higher medium etc. and again to bring in category of various cloth varieties under definite groups. Within the groups the costs will vary only according to major variations in the reeds and picks and counts of yarn. Overall, however, each of the different elements of costs, wages etc. bears a certain percentage to the total costs which are comparable for the different varieties falling under each of the groups. The Costing Officers have attempted to devise a similar pattern of costs for the powerlooms so that the mill cost could be compared with the powerloom cost under each of the groups and under each of the elements of costs of production. We have already dealt with the yarn costs separately. Taking the "wages" element, the comparison between powerlooms and mills under each of the main Groups has been ascertained as under :—

TABLE XIII

Category and Groups	Variety with description	Wage element in cost in np. per yard		
		Power- loom	Mills	Percent- age reduc- tion in power- looms over mills
(Medium B) Group V	Gada cloth 20s × 20s, 48" width 48/44 .	10.0	18.2	45
	Shirting 20s × 20s, 36" width 64/50 .	8.0	13.2	39
	Shirting 20s × 20s, 30" width 64/52 .	5.8	12.8	55
	Gada cloth 20s × 20s, 39" width 48/44 .	9.4	18.2	48
(Medium A) Groups VII & VIII	Grey Dhoty 52" × 8 yds, 30s × 40s 52/40	6.2	13.9	55
	Grey saree 48½" width × 8 yds, 30s × 30s 48/44 .	7.4	16.6	55
	Grey Saree 42" width × 8 yds, 26s × 30s 64/52.	11.5	24.6	53
	Grey Saree 44" × 8 yds, 26s × 26s 56/44	13.1	21.0	38

TABLE XIII (contd.)

Category and Groups	Variety with description	Wage element in cost in np. per yard		
		Power-loom	Mills	Percentage reduction in power-looms over mills
Fine [Groups IX to XI]	Saree 46' × 10 yds. 40s × 50s 52/48	12.0	25.4	53
	Dhoty 45" × 10 yds. 32s × 40s 44/36	6.4	13.5	53
Superfine Groups XII and above	Grey Dhoty 46" × 10 yds. 60s × 60s 56/62	12.5	21.5	42
	Grey Dhoty 47" × 10 yds. 60s × 80s 64/56	9.0	24.2	63

7.12 (a) The "wages" element for powerlooms is invariably much less than the wages in the mills which may be explained as due to the high wages including dearness allowance paid by the textile mills. We have already mentioned earlier in this Chapter that the small powerloom establishments are exempt from labour legislations and also have the advantage of working for longer hours even upto 12 hours while in the case of textile mills the provisions of the Factories Act and other labour legislations compel them to adhere to the normal shifts, to pay dearness allowance in accordance with the cost of living index etc. We have also seen that a weaver in the powerloom establishments attends normally to two looms. We have been informed that more or less the same conditions prevail in the textile mills. The future pattern in the textile mill industry would no doubt be to instal labour saving automatic and other devices. In certain centres representations were made to us that even the powerloom sector would like to instal automatic looms. We do not, however, visualise that, in the present context, with the powerloom establishments working with old type and discarded looms, the transformation to the adoption of automatic looms could take place in any foreseeable period. Technically also the introduction of automatic looms in the powerloom sector would mean a large scale structural modification in the powerloom establishments since a weaver could attend to 16 or more looms. We were informed that the progress of installation of automatic looms even in the organised textile mill sector has been tardy for several reasons, the most important of which being the resultant displacement of labour. In the present circumstances, therefore, while the weaver in the textile mills working on plain looms is reported to be earning anything between Rs. 125 to Rs. 220 the average being Rs. 175, the average wage of a powerloom weaver is only Rs. 86 50 or about 50 per cent of the average wage of the mill weaver.

ver. This is reflected also in the findings of the costing teams. Overall, the wage element in the cost of production in the powerlooms may be assumed round about 50 per cent of the cost in the mills, even allowing for the lower productivity on the powerlooms.

(b) The element of power and fuel in the total cost of production in the mills is not very significant. The cost study of the powerlooms also has shown that, on the total cost, the percentage is about 2, i.e., nearly the same as in the mills.

Power and fuel

(c) Powerloom establishments, in general, do not pay proper attention to timely repairs, upkeep and maintenance of the looms. It has been explained to us during our visits that while in certain centres where powerlooms are concentrated, common jobbers are employed, there is almost a universal lack of technical attention in the other centres. Almost 75 to 80 per cent of the looms being either fabricated from sundry collections of parts or looms rejected by mills which are pressed into service by *ad hoc* minimum improvisations, the tendency is to work the looms down to the point of major breakdown. The repairs cost is much less than in the textile mills where schedules for periodical maintenance and repairs are generally followed.

Stores and spare parts

(d) In regard to depreciation worked out under the normal Income Tax rules there was not much difference between the mills and the powerlooms.

(e) The expenditure on this 'head' in the powerloom establishments is almost 400 to 500 per cent, of that in mills.

Sundry Expenses and Overhead

7.13. Our Costing Officers have made an attempt to arrive at the comparative cost data dissected into the different elements of costs. These data are summarised in the table below, which also shows the breakdown of the figures for mills:—

TABLE XIV

np. per metre

Category	Power & Fuel		Stores & Spares		Depreciation		Sundries and overheads	
	Mills	Power-looms	Mills	Power-looms	Mills	Power-looms	Mills	Power loom.s
Medium (B) Group V	1.78	1.55	3.00	1.90	0.90	0.80	0.95	3.70
Medium (A) Groups VII and VIII	2.10	1.30	3.80	2.70	1.20	1.30	1.30	2.30
Fine Groups IX to I	2.10	1.80	3.80	2.60	1.10	1.14	1.20	7.10
Superfine Groups XII and above	2.50	1.70	4.40	2.60	1.30	1.30	1.30	6.8

It has been explained to us that the interest charges incurred by the powerloom establishments are heavy, which is one of the factors for the high incidence of overhead in the powerloom sector. Unlike the textile mill industry, the powerlooms being largely decentralised, quite a number of factors come into play pushing up or reducing the costs from unit to unit. This makes it difficult to determine a centralised pattern which could be applied uniformly to the powerloom establishments according to the different size groups. The cost study, however, has shown certain indicators which will hold good only for an overall assessment and will not be suitable for individual application. Taking together the elements of costs excluding "wages" in the "manufacturing charges" according to the above cost data, the net handicap suffered by the powerloom *vis-a-vis* the mills is about 25 per cent. On an overall basis, breaking down the costs of production both in the powerlooms and the mills under the three main headings—(1) yarn, (2) wages and (3) other manufacturing expenses including power, fuel, stores, spare parts, sundries and overheads (without allowing for profit either for the mills or the powerlooms), it would mean that as compared with the mills, the powerlooms suffer a handicap of 25 per cent. in the "yarn cost", 25 per cent. in the "manufacturing charges" excluding "wages" and an advantage of 50 per cent. in "wages". In the aggregate cost of production, in the textile mills, yarn forms about 65 to 70 per cent. or roughly two-thirds while the remaining manufacturing cost can be split roughly at about two-thirds for wages and one-third for other expenses including power and fuel, spare parts, sundries, etc. On this basis, the net handicap suffered by the powerlooms at the production end will be about 8 per cent. *vis-a-vis* the mills.

7.14. We have so far dealt with the handicap suffered and advantages derived by the powerlooms *vis-a-vis* the mills at the production stage and have evaluated the same in terms of percentage variation over the mills' production costs. As explained earlier, powerloom cloth is reported to fetch a price in the market only at a discount as compared with mill cloth not only on account of the intrinsic deficiency in quality of the powerloom cloth but also on account of certain bias against the powerlooms and in favour of the mills in the cloth market. The textile mills popularise their products under trade names with adequate publicity and both in the stage of manufacture and in the subsequent finishing and processing of cloth, the textile mills enjoy an advantage over the powerlooms. There is no doubt that the powerlooms in general, barring the big units who could hold their own in the matter of publicity and pressurised sales, cannot hold out in the matter of prices at the mills' levels. The fact that the powerlooms enjoy a large concession in the matter of excise levy is also a factor which acts to keep down the prices of powerloom cloth in relation to mill cloth. It is difficult to measure in exact quantitative terms directly the extent of the handicap suffered by the powerlooms in the matter of price realisations for their products. It has been brought to our notice that several mills having modernised processing equipment, take over powerloom cloth and, after processing and stamping their own brand names, are able to market the same fabrics at prices more or less in comparison with the prices at which their own products are sold. This points to the need for

Marketing

the powerloom establishment to organise modernised processing facilities and also modernised methods of publicity and sales so that the advantages which are now being derived by the mills could also be obtained by the powerlooms. In the present context, however, the marketing disability suffered by the powerlooms is an accepted fact. This disability is in addition to the overall handicap suffered in the cost of production of cloth. From what we could gather, this marketing disability including consumers' bias may be assumed at about 10 to 12 per cent. *vis-a-vis* the mills. Thus, as a rough guide, we may take the overall handicap suffered by the powerlooms at about 18 per cent. *vis-a-vis* the mills.

7.15. We have also made an attempt to compare the economics of working of powerloom units in the different size groups. In doing so, as far as possible, the comparative costs have been worked out for the same items of manufacture. In the case of bigger units having more than 49 powerlooms it is almost a common feature that the looms in excess of 49 remain closed in order to secure the benefit of compounded levy of excise duty as powerloom establishments having more than 49 looms are equated with the textile mills for excise levy. The idle capacity therefore in the big units has been a drag on the production costs. Another factor which would distort the proper comparison is that some of the bigger units have their own preparatory and sizing machinery while some others continue to depend on the supply of sized beams from outside. Admitting these disturbing factors, an overall comparative assessment is still possible. The following table gives an idea as to the relative performance of the powerlooms in the different size groups:—

TABLE XV

Variety	Size of unit	Yarn cost	Preparatory charges	Weaving cost	Other charges	(np. per yard)		
						Total manufacturing cost	Total cost	
						[cols. 4 to 6]	[cols. 3 + 7]	
1	2	3	4	5	6	7	8	
Bed sheet 208 × 108, 30"	1 loom	94.5	5.8	18.2	6.0	30.0	124.5	
Do.	9 looms	93.2	5.0	14.4	5.4	24.8	118.0	
Shirting 208 × 208, 30"	2 looms	51.1	5.1	14.5	5.4	25.0	76.1	
Do.	3 looms	50.4	4.5	12.3	4.6	21.4	71.8	
Do.	4 looms	54.6	3.0	9.0	3.3	15.3	69.9	
Do.	6 looms	47.8	5.5	15.6	5.6	26.7	74.5	
Coatings 2/308 × 208.	8 looms	101.0	4.0	9.0	7.0	20.0	121.0	
Do.	27 looms	90.7	3.7	9.9	2.7	16.3	107.0	
Shirting 208 × 308, 36"	27 looms	51.5	6.5	18.0	13.0	37.5	89.0	
Do.	72 looms	50.0	8.0	20.0	18.0	46.0	96.0	
Grey Gada	82 looms (working 48).	82.6	3.0	9.4	8.0	20.4	103.0	
Do.	200 automatic looms.	82.2	2.7	7.2	4.9	14.8	97.0	

*Sizing capacity unutilised.

One inference which may be drawn from the above table is that among the small units of four looms and below, four-loom establishments are at a greater advantage. Units having looms upto nine have increasing economies as the loom size in a unit approaches the upper limit of nine. There is also an indication that in the medium size the economic unit may be around 27 looms. While we have not been able to obtain cost and statistical data to give a wider coverage in order to fix the optimum limit as the bigger establishments have reduced their working capacity keeping surplus looms idle, we are inclined to agree with the technical opinion placed before us that the economic size in the medium range of powerloom establishments should be between 24 and 36 looms. When the size of the unit increases beyond a certain limit the need for self-contained sizing and preparatory equipment would arise and the number of looms to be fed will correspond to the capacity of the preparatory machinery installed. The economics of working of the big sized units will also depend on market conditions as they have directly to compete with the textile mills in a big way by virtue of larger production. The bigger units if they are adequately equipped with the modern types of machinery, would have better competitive strength although the permanent handicap arising on account of their dependence for yarn supplies from outside would still continue. The emphasis in the textile mill sector is more on automation with up-to-date winding, warping and sizing equipment and automatic looms with ideal humidification and other arrangements. In this context, therefore, on balance of considerations, it would be in the interest of the bigger powerloom units to get themselves either fragmented or converted into regular composite textile mills. The latter course will of course involve heavy financial investment.

7.16. In the earlier portions of this Chapter, we have given an assessment of the average income derived by the powerloom owners in the different parts of the country. The income per powerloom has varied from centre to centre and is as much as Rs. 100 per month in centres like Malegaon and Sholapur. These cover the small powerloom establishments not coming within the excise fold. The profits expressed as a percentage on the cost of production have also been analysed in the different centres which have thrown up the following interesting results :—

Centre	Variety	Percentage of profit on cost
Malegaon	Sarees (Higher Medium)	12
Malegaon	Sarees (Fine)	17
Malegaon	Sarees (Superfine)	24
Ichalkaranji	Dhoties (Superfine)	4
Burhanpur	Dhoties (Higher Medium)	10
Burhanpur	Dhoties (Fine)	16
Burhanpur	Dhoties (Superfine)	11
Jabalpur	Coloured sarees (Higher Medium)	5
Sholapur	Jacquard Chaddars (Coarse)	16
Tanda	Mull (Higher Medium)	2
Somanur	Gada (Higher Medium)	8

The remunerativeness of the working of small powerloom establishments therefore depends on factors like location and varieties of cloth produced.

Taking the bigger sized units, the cost analysis has invariably shown that after paying excise duty, many of the factories are either incurring losses or just scraping through. Those units which have reduced the number of working looms are incurring higher cost per loom shift on account of substantial idle capacity. The following table illustrates the position:—

TABLE XVI

Year	Size of the unit and capacity	No. of Working looms	Manufacturing cost per loom shift	Gross profit per loom shift	Net profit (+) or loss (—) per loom shift after paying excise duty
(1)	(2)	(3)	(4)	(5)	(6)
			Rs.	Rs.	Rs.
1961-62	82	82	7.44	(+) 1.28	(+) 0.69
1962-63	82	48	8.50	(+) 0.11	(+) 0.06
1961-62	83	83	6.52	(+) 7.90	(+) 2.70
1962-63	83	48	7.01	(+) 0.05	(—) 1.08
1961	200 (automatic)	200	6.17	(+) 7.90	(+) 5.30
1962	200 „	200	6.17	(+) 7.92	(+) 3.98
1963	200 „	200	6.34	(+) 0.89	(+) 0.44
1961-62	182	182	7.88	(+) 3.44	(+) 1.12
1962-63	182	182	7.88	(+) 1.15	(—) 1.07
1961-62	156	156	9.37	(+) 3.81	(—) 0.65
1962-63	156	48	12.49	(+) 4.07	(—) 1.04
1961-62	220	220	8.55	(+) 4.21	(+) 0.27
1962-63	220	48	9.32	(+) 0.08	(—) 1.18

The loomshift profit has come down considerably on account of the excise levy and the manufacturing costs have progressively gone up. These big sized units are to be related to weaving sheds in composite mills and we do not consider that the remunerativeness of these units should at all be taken as a guide for determining the general level of remunerativeness of the powerloom sector which, by and large, consists of small units only. The findings of our costing teams however show that these units are finding it difficult to continue working in view of the high rates of excise levy.

CHAPTER VIII

EXCISE DUTY ON COTTON TEXTILE INDUSTRY

8.1. The history of Excise levy on cotton textiles in India dates back to 1894 when a duty was levied on finer counts of yarn. Two years later, the duty was extended to fine cloth at the rates of $3\frac{1}{2}$ per cent. *ad valorem*. This continued till 1926 when the duty was abolished altogether and the cotton textile industry was left free of excise levy. In January 1949, the excise levy was re-introduced and was confined to superfine mill-made cloth at the *ad valorem* rate of 25 per cent. After two months, all the other categories of mill cloth—coarse, medium and fine—were also brought within the excise fold, the rates then being 3 pies per yard on coarse and medium cloth and $6\frac{1}{4}$ per cent. *ad valorem* on fine cloth. There was no duty imposed on cotton yarn. In 1953, the levy of duty on *ad valorem* basis was discontinued and substituted by specific rates. As excise duty on mill made cloth was assuming increasing importance from the revenue aspect, the rates were revised from time to time generally upwards. Government had also utilised the excise mechanism to regulate the level and pattern of production and consumption as also for mopping up the undue profits realised by the trade and industry at times of run-away prices. In addition, excise levy had also been applied as an instrument for offering fiscal protection to the smaller sectors who have to sell their products in competition with the larger and organised sectors and preventing the large scale sectors from encroaching upon the reservations made in the fields of production for the benefit of the small scale sectors by way of penal excise levy. Another principle adopted was to levy a cess on the products of the large scale sectors to finance the development of the small scale sectors. For instance, in 1953 a cess known as Handloom Cess at 3 pies per yard on the cloth produced by textile mills was imposed for financing the development of handloom and khadi. In 1956, when cloth prices soared high and supplies could not meet the demand, the excise rates were increased rather steeply to inhibit consumption and syphon off the fortuitous profits accruing to the industry and trade. At the same time, a positive inducement by way of a special rebate on excise of 6 pies per square yard for production over the normal level was provided in order to maintain and step up production. In the textile industry, the complete exemption of handloom cloth and the products of smaller units of powerlooms from excise levy as also the application of graded compounded excise rates according to the sizes to the other powerloom establishments are instances of utilisation of excise levy as an instrument of giving protection to the weaker sectors.

8.2. The structure and pattern of excise levy on textile mill-made cloth was reviewed by an Enquiry Committee in 1958 and on its recommendations, certain major re-adjustments were effected. Two major recommendations of this Committee were :—

Excise duty on mill cloth

- (1) splitting the medium category of cloth into lower medium and higher medium (Medium B and Medium A); and

- (2) levy of excise surcharge on "processing" which was till then left free of excise duty.

The objective aimed at in splitting the medium category into 'Medium A' and 'Medium B' with lower excise rates for the latter was to restore the pattern of production which had unduly shifted from 'Medium' to 'Coarse'. The surcharge on processing was intended to make the duty approximate to *ad valorem* rates.

In addition to the basic excise duty and processing surcharge, mill cloth is also subject to Handloom Cess and an additional excise duty in lieu of sales tax introduced in 1957 when sales tax on cotton cloth was abolished. The rates of excise duty on cloth manufactured by the textile mill sector in 1963-64 are given below :

Grey cloth (nP. per Sq. metre).

	Coarse	Medium (B)	Medium (A)	Fine	Superfine
Basic	3.0	5.0	8.0	20.0	27.5
Additional	3.6	4.8	4.8	9.6	15.5
Handloom Cess	1.9	1.9	1.9	1.9	1.9
TOTAL	8.5	11.7	14.7	31.5	44.9

Surcharge for processing :

Bleached, dyed and printed	5 nP. per Sq. metre for all categories of cloth.
Mercerised/Waterproofed	10 nP. per Sq. metre for coarse and medium B and 15 nP. per Sq. metre for other categories of cloth.
Shrink proofed/Organodie processed/otherwise chemically processed.	25 nP. per sq. metre for all categories of cloth.

8.3. Cotton powerloom cloth had been enjoying exemption from excise levy for a number of years. Art silk fabrics manufactured on powerlooms were brought within the Excise fold in 1954 and woollen fabrics in March 1955. In May 1955 Government brought the cotton powerlooms also within the excise fold. Even then Government would appear to have recognised the principle of granting some excise concessions to the powerloom sector. These concessions took the form of complete exemption for the small establishments of four looms and below and graded compounded rates of excise duty for the units having more than four looms subject to certain maximum limits. It was explained by the Chairman of the Central Board of Excise and Customs that the concessions flowed from considerations of economics of working of the different sizes of the units as it was generally assumed that the bigger the size of powerlooms establishments the better would be the working of the units. With regard to small units of four looms and below which might be categorised as "cottage powerlooms", one important factor justifying exemption would appear to have been that these looms were intended to be

owner operated, furnishing means of livelihood to the weaver owners and their families. We have also been informed that under the Cotton Textiles (Control) Order, these small units have been left outside the restrictions placed on the powerloom sector in the matter of production of certain varieties of cloth specifically reserved for the handloom sector. Another factor which seems to have weighed with the authorities in granting this exemption was the administrative difficulty in enforcing the excise surveillance on a large number of dispersed small powerloom units. The framing of a simplified procedure of compounding the excise levy at certain prescribed rates applied on "per loom per shift per month" basis for bigger powerloom establishments reduced the excise surveillance to a substantial extent. These compounded rates of levy were fixed according to the size groups of the units, the rates being higher for bigger size groups. But, as compared with the textile mill industry, the incidence would seem to have been kept lower obviously for providing a measure of fiscal aid or concession to the powerloom sector which suffers from certain inherent handicaps in obtaining raw materials and manufacturing cloth for marketing in competition with mill cloth.

8.4. While conforming to the general principle of allowing a concessional treatment in the matter of excise levy on powerlooms *vis-a-vis* textile mill sector, in actual practice Government had been changing the basis quite often presumably prompted by the overall need for augmenting excise revenue and for plugging loopholes. For instance, the exemption limit which was 4 looms irrespective of the number of shifts worked till 1961 was reduced to 2 looms in March 1961 but was again restored to four looms in April 1962. In regard to stratification of units for purposes of compounded levy, till 1958 there were four groups of powerloom establishments, the last group comprising all establishments having 25 looms and over. In April 1958 however, this last group was further sub-divided into three—25 to 50 looms, 51 to 100 looms and 101 to 300 looms. The powerloom establishments having more than 300 looms were equated with the composite mills and had to pay excise duty on yardage basis. The present position is that the establishments having upto 49 looms are in two groups—the first comprising the exempted sector of 4 looms and below and the other from 5 to 49 looms paying compounded levy of excise duty at certain telescopic rates. All powerloom establishments having between 50 and 300 looms have been equated with the textile mill sector. They were however allowed the concession of paying only 75 per cent of the duty at textile mill rates during the year 1963-64 and would have had to pay at full rates thereafter. The Finance Act 1964-65 has allowed to these units the concession of paying 80% of mills' rates as excise duty. Government have also been making certain refinements in the matter of excise levy on cotton powerloom fabrics. The products of textile mills had all along been categorised according to the fineness of cloth, broadly as coarse, medium, fine and superfine, the excise duty being in increasing rates according to the category. Powerloom fabrics paying excise duty at compounded rates however, were not so classified for some years. In 1958 excise paying powerloom establishments were classified into those in which all powerlooms were employed in the manufacture of only medium and coarse fabrics and those in which one or more powerlooms were employed in the manufacture of superfine and fine fabrics.

8.5. The rates of excise levy during 1963-64 in the powerloom sector were :—

- (i) *Units having 1 to 4 looms*—Exempted from excise levy.
 (ii) *Units with 5 to 49 looms*—

(In Rs. nP. per loom per shift per month)

	Coarse and Medium			Fine and Superfine		
	Basic	Additional	Total	Basic	Additional	Total
For the first four looms	10.00	6.00	16.00	12.50	6.00	18.50
5 to 9 looms	15.00	12.00	27.00	37.50	12.00	49.50
10 to 24 looms	25.00	16.00	41.00	75.00	16.00	91.00
25 to 49 looms	35.00	20.00	55.00	175.00	20.00	195.00

- (iii) *Units with 50 to 300 looms*—

At 75% of Mills' rates from 1-3-1963 to 29-2-1964.

- (iv) *Units having 301 looms and over*—

At full rates as for textile mills.

8.6. Since July, 1959, co-operative societies formed of owners of cotton powerlooms have been exempted from excise levy subject to the following conditions :—

- (i) Every member of the Co-operative Society should have been exempt from excise duty for three years immediately preceding the date of forming the society.
- (ii) The total number of cotton looms owned by co-operative societies should not be more than four times the number of members of such society ; and
- (iii) A certificate should be produced by each member of the co-operative society from the State Government or from a nominated officer of the State Government that he is a *bona fide* member of the society, that the number of cotton looms in his ownership and actually operated by him does not exceed four and did not exceed four at any time during the three years immediately preceding the date of his joining the society and that he would have been exempt even if he had not joined the society.

The exemption was originally available upto 1961 but was then extended upto 31st March, 1963 and subsequently to 31st July, 1967. It was brought to the notice of the Committee at Ichalkaranji that the Yantramag Audyogik Sahakari Society Ltd., Ichalkaranji which was formed by the units having two or four powerlooms had been denied this exemption because as per the budget of 1961-62, the limit of exemption from the levy of excise duty was reduced to two powerlooms and that it was not possible for such members of the society as had more than two but not more than four powerlooms to declare that their unit fell in the exempted category during the three years preceding their joining the society. The Committee considers that it is but fair that the concession should be extended to them.

8.7. We have earlier referred to the fact that the compounded rates of excise levy on powerlooms have been so fixed as to allow some concessions to them as compared with mills. Annexure VI gives the incidence of the compounded rates on powerloom cloth reduced to per square yard or square metre compared with the total excise duty on mill made cloth (including handloom cess and additional excise duty).

It will be seen from the Annexure that—

- (1) As between the different size groups of powerlooms, the maximum benefit accrues to the smallest sized units of 4 looms and below.
- (2) The advantage derived by the powerlooms in those size groups paying compounded excise levy decreases as unit size increases.
- (3) Even within the same size groups of powerloom establishments, the maximum benefit accrues if the powerlooms are employed on superfine cloth where the incidence, even for the highest sized group of 49 looms paying excise duty at compounded rates was only 40 per cent of the duty paid by the textile mills and as low as 10.7 per cent. for the size group of 9 looms and below.
- (4) Expressed as a percentage of the ex-mill prices of cloth per per square metre, the powerloom units having 9 looms and below and above 4 looms were paying barely 3.2 per cent as against 28.1 per cent by the textile mills. In the powerloom establishment paying excise duty at compounded rates the units with the maximum size of 49 looms were paying about 12 per cent of the ex-mill prices of cloth.

8.8. The Central Excise Re-organisation Committee (1963) while dealing with the compounded levy scheme of excise duty, has referred to certain trends in the manner in which the compounded levy concessions have been availed of by the small scale manufacturers. The Committee has observed that "when in actual practice with the incidence of compounded levy rates as low as 35 per cent to 40 per cent of the normal levy, a fairly large number of small scale operators refuse to touch it, the conclusion is obvious that to them the standard procedure offers even larger scope for cutting down their duty liability by evasion. When a situation like this develops, the solution obviously does not lie in trying to make the compounded levy rates more attractive, or by totally exempting large number of operators as was done with cotton powerlooms and vegetable non-essential oils in 1962, for to do so is only to legalise an evasion which cannot be checked". In the case of the powerloom sector, there has actually been a strong tendency for larger units getting fragmented or reducing their working capacity by all means possible to take advantage of the lower incidence of excise duty on cloth down to the point of complete exemption.

8.9. Another effect of the structure of excise levy has been the abnormal growth of powerlooms in recent years. The growth has been almost entirely in the exempted sector and from the evidence

gathered by us, it is clear that complete exemption from excise levy has been a major motivating factor which prompted the large growth of unauthorised powerlooms in the country. The exemption from excise duty to the small sized units of four looms and less naturally gave them the much desired freedom from excise supervision and control and it was no wonder that such a large number of powerlooms had come up particularly in those areas where facilities for obtaining raw materials, processing, marketing etc., could easily be had.

8.10. The production on powerloom is almost the same whether it is in a small or a big unit. In this context, the preferential treatment by way of differential excise levies had its logical effect on a large number of bigger units getting themselves fragmented to smaller units as also in the sealing of looms so that, as far as possible the benefits accruing by way of excise concessions could be derived to the maximum. During our visits to the various centres, we came across quite a number of cases where big sized units had closed down the looms in excess of 49. The excise authorities had also taken steps to ensure that the looms so closed were physically made incapable of working by dismantling certain essential parts and dislodging the looms from their foundations. It has been argued that there can be no harm or illegality in the rightful owner of a powerloom establishment exercising his inherent right to sell or otherwise dispose of his looms either wholly or in part. Any shrinkage in the size of the units or fragmentation involved in such processes to lighten the excise burden should be considered as a logical step. The Committee does not consider it proper that the excise authorities, after deliberately allowing the excise concessions, should have taken indirect steps to penalise fragmentation by prescribing certain higher rates of excise duty in such cases. It was laid down that whenever a person acquired a loom for the first time on or after 1st April, 1961, by purchasing it from other parties who had the licence to work powerlooms, excise duty was to be levied at the rate applicable to the next higher slab. From April, 1962, this rule was amended whereby in all such cases excise duty was made payable at the normal rates applicable to the respective slabs plus an additional levy of 25 per cent. These measures were taken to discourage fragmentation. In reviewing these measures, the Central Excise Reorganisation Committee has observed that, "The scheme of exemptions and preferences had led to so much fragmentation, evasion and avoidance, both of production and revenue controls, that the need became imperative to contain it through anti-fragmentation devices. These, however, have also largely failed. In a major centre of cotton fabric powerlooms which we visited early this year, we found that of over 20,000 powerlooms engaged in production, all but 56 were operating under the scheme of exemptions, even though the same sheds often had thirty looms or more installed. The revenue from this centre was less than the cost of excise establishment maintained for excise surveillance and control of these powerlooms". We are of the view that there could be no law which can compel the owner of an undertaking to continue to own and work the full installed capacity of any factory purely on the ground that any fragmentation would mean loss of revenue. It is also not to be considered as in any way a wrong-

ful step if a powerloom owner realising the benefits which would accrue to him by fragmentation, prefers to sell away some of the looms or otherwise reduces the working strength of the looms.

8.11. This brings us to the related question of certain unusual arrangements whereby the benefits of concessions and exemptions from excise levy allowed to the owners of small powerloom establishments were reported to have been taken advantage of by financiers and middlemen, including textile mills. The *modus operandi* adopted would seem to have been for the parties to control a number of small powerloom units under certain *benami* arrangements. These parties supply yarn mostly in sized beams to the powerloom owners and take back the cloth, paying only the conversion charges to the loom owners. In effect, the relationship between these parties and the powerloom owners/weavers is one of contracting for job work, though the actual transactions are fictitiously shown separately as sale of yarn and purchase of cloth. The Malegaon People's Textile Board in their representation had brought it to our notice that in that centre "about 5,000 powerlooms are controlled on contract basis, where the financiers and entrepreneurs supply raw materials and get the production against payment of wages only". In addition, although nominally a large number of looms stood in the name of the weavers, it was reported that the effective owners were certain outsiders. Apart from the exploitation of the powerloom weavers inherent in such arrangement, it also results in evasion of excise duty. The Central Excise Reorganisation Committee has observed in this connection that the representatives of the powerloom sector, whom it met, had complained that "benefits of the present schemes do not necessarily accrue to the owners of powerlooms or powerloom weavers but rather in some cases to city financiers who procure and provide the yarn and other materials, pool the production of the free sector and pay the owners or weavers merely their wages. The benefits of the revenue sacrifice go largely to these financiers and middlemen". It was brought to our notice that under the Central Excise Rules if a person supplied yarn to one or more factories, in which the total number of powerlooms installed exceeded four, for the manufacture of cloth on his behalf and took back the cloth after paying manufacturing charges only, then it would be deemed that the cloth was manufactured on more than four powerlooms on behalf of the person who had supplied the yarn and that full duty was recoverable, although individually each of the factories would have qualified for exemption from excise levy. In this connection, our attention was also drawn to the situation which had arisen in July last, on account of the large scale raids carried out by the Central Excise authorities on the premises of master weavers and merchants at Bombay, seizure and confiscation of powerloom goods whether in their own custody or banks' godowns or with the processors and the imposition of excise duty on the cloth seized at the rates applicable to the cloth produced by the textile mills. This action is reported to have caused considerable distress to small powerloom weavers in Bhiwandi, Malegaon and other centres as the intermediaries chose to withdraw from the scene. We consider that *prima facie* the measure of protection given to the small powerloom units by way of exemption from excise levy should be such as to enable them to market their goods at competitive rates and obtain a reasonable margin as

means of livelihood. The entire objective would get defeated if outsiders entered the field and appropriated the benefits of such concessions. It has, however, been represented to us that the small powerloom owners themselves have no financial resources to do business on their own and that the assistance of financiers and other entrepreneurs has become more or less a necessity, if they are to pursue their avocations. It appears, however, that to a certain extent instead of powerlooms establishing themselves on their own and then going in for financial and other assistance, textile mills, intermediaries and other financiers had for their own advantage set up small powerloom units in an unauthorised manner, merely with a view to take advantage of the fiscal concessions involved. The growth of the powerloom sector in this manner cannot be considered as in any way normal or healthy. While we appreciate the normal role which the trade should play in the marketing of the powerloom cloth in the country, we do not consider that a fortuitous benefit should accrue to a class of intermediaries, by whatever name they are called, particularly when it is a question of Government sacrificing revenues, nor would it be in the long term interests of the powerloom owners to reduce themselves to the position of wage earners. From the evidence available to the Committee, it is clear that the small powerloom owners/weavers are very much in the grip of these financiers and intermediaries and are being exploited and put to hardship.

8.12. As mentioned earlier, the incidence of excise levy on mill made cloth in 1963-64 was as much as 44.9 np. per square metre on superfine and 31.5 np. on fine varieties of cloth. The maximum benefit would accrue to the completely exempted powerloom establishments who produce fine and superfine cloth. This has prompted some textile mills diverting their yarn on sized beams for weaving in the small powerloom establishments, getting back the woven cloth for processing and sale by the mills themselves with their processing trademark under their own name, even by stopping the working of their looms. The Committee considers this as a very unhealthy practice.

8.13. Excise duty on mill-made yarn was first introduced in 1961. For this purpose, yarn of different counts was classified into two categories—yarn counts below 35s being charged at 10 np. per kg. and yarn counts of 35s and above being at 15 np. per kg. In 1962, the categorisation of counts was expanded and yarn of counts upto 16s was charged at 10 np. per kg. counts between 17s and 34s at 13.5 np. per kg., 35s to 47s at 18 np. per kg. and 48 and above at 27 np. per kg. In 1963-64, a surcharge was levied on the excise duty at the rate of 20 per cent for yarn of counts upto 34s and 33 1/3% for the higher counts. From the beginning, as a measure of relief to the handloom weavers, hank yarn upto and including 40s has been exempt from excise levy and yarn in hank form of counts higher than 40s charged at concessional rates. In the Finance Act 1964-65 full exemption from excise levy is allowed for counts upto 34s (Nf. 29).

The rates (inclusive of surcharge) in 1963-64 were :—

Counts	np. per Kg.	
	In hank form	In forms other than hanks
Upto 16s	Nil	12
17s to 34s	Nil	16.2
35s to 40s	Nil	24
41s to 47s	10.6	24
48s and above	22.6	36

Yarn duty is also paid by the composite mills for yarn used by them for weaving. An option has, however, been allowed to them to compound this duty and pay it separately on fabrics. Although it is correct to say that the yarn consumed by the powerlooms is mostly in the form of cones and sized beams, some portion of yarn is also being consumed by them in hank form, particularly where yarn has to be dyed for the production of items like sarees. In certain centres, even for producing grey varieties of cloth, powerlooms are reported to be using yarn in hank form on account of the non-availability of sized beams and sizing facilities.

8.14. Till 1958 excise duty on mill made cloth was levied according to the category of cloth, i.e., coarse, medium, fine and superfine and no distinction was made as to whether the cloth was grey or processed. The idea of adding a sur-
Excise surcharge on processed cloth charge on processed cloth emanated from the recommendations of the Textile Enquiry Committee (1958). This Committee considered that "both on grounds of equity and on the grounds of fairness to the mills without processing equipment, it is essential that the pattern of excise duty is changed to provide for a closer approximation to *ad valorem* duties". The value of the processed fabrics being more than the value of fabrics in grey stage, certain surcharges were imposed, which varied according to the types of processes to which cloth was subjected. In regard to the cloth manufactured by powerlooms there was no distinction between processed and grey cloth till 1962. With effect from 24th April, 1962, excise duty was introduced on processing of powerloom cloth with a concessional rate of 4/5th of the standard rates applicable to the processing of textile mills' cloth in case the powerloom cloth was processed by independent processors. For this purpose, an "independent processor" has been defined as "a manufacturer who processes cloth with the aid of power and who has no proprietary interests in any factory in the spinning of yarn or weaving of cotton fabrics". If powerloom cloth is processed by composite mills, no such concession is extended. The present definition of 'independent processor' adversely affects those powerloom units who have their own processing equipment, as excise duty is charged at full rates as for composite mills for fabrics processed by them. This has led to the closure of some powerlooms working in those units. We recommend that this should be remedied and these factories

treated as independent processors. On the same analogy we also recommend that independent sizing factories which have been given the concession of paying 80% of the surcharge on sizing of yarn as applicable to mills may be allowed the concession even if they work powerlooms and/or have other yarn-processing operations.

8.15. On the question of the future pattern of excise levy on powerlooms, a few suggestions were received by the Committee.

**Suggestion on
excise pattern** Some representatives of the powerloom sector pleaded for increasing the exemption limit to 10 looms and some others even to 24 looms. A suggestion was also made that excise duty should be levied on the "processing" and on superfine varieties only, leaving coarse and medium varieties free of duty for cloth manufactured by units having up to 24 powerlooms. Some have complained that the slab system of compounded excise levy evolved by Government is completely unscientific and arbitrary and has no relation whatsoever to the paying capacity of the units. There were also complaints that the small powerlooms within the exempted sector were offering stiff competition to the excise paying powerloom units as cloth manufactured by them did not differ in quality and had to be sold in the same market. In regard to bigger units which had closed down either partially or fully to escape from the rigours of the heavy excise levy, it was pointed out that quite apart from the fall in production of cloth and unutilised idle capacity in the country on account of such closures, Government had also lost considerably in the excise revenue collections. The existing duty under the slab system has been considered as having disturbed the conditions in the industry and forced them to adopt unfair practices. The rationale of the graded excise levy based on the size of the units has been questioned. There was almost complete unanimity of opinion among the various representatives of the powerloom sector, particularly the excise paying units and big-sized establishments that the excise levy should be shifted to yarn and on processing, leaving the grey fabrics produced by powerlooms, irrespective of the size of the units, free from the duty. In so doing, it was also emphasised that certain differentiation as between the mill sector and the powerloom sector should be maintained by appropriately taxing the grey fabrics in the mill sector, taking into account the handicaps inherent in the powerlooms.

8.16. The Indian Cotton Mills' Federation have put forth the view that the several restrictions placed on the textile mills for the benefit of the handloom industry had not achieved the purpose and that "the gap was filled by the mush-rooming of powerlooms, a process which was greatly accelerated by the differential excise duty". According to the Federation, the differentiation in the excise levy on the same product manufactured by the different sectors could be justified only under circumstances where:—

- (a) employment on a very large scale is provided, thus serving a national purpose;
- (b) special quality goods which are in demand and which normally are not produced by the organised sector are manufactured; and

- (c) the eventual loss sustained by the Central Exchequer on account of such differentiation is compensated by other advantages accruing to the national economy.

The Federation did not accept the argument that such a discrimination in excise levy was justifiable by comparative costs of production, as 'if that be the case, there will have to be differentiation even between one mill and the other'. It has been urged that "the operations of the excise duty and the opportunities provided thereby to escape or evade the duty should not become the cause of a particular type of industrial development", and that "an industrial activity which springs up in defiance of Government regulations and the sole aim of which is to exploit the freedom from duty, which is concomitant of its illegal status cannot be the subject matter of an enquiry aimed at giving that activity protection and assistance from the authority". The Committee does not agree with the extreme analysis of the situation by the Indian Cotton Mills' Federation although, to a considerable extent, the argument holds good that the growth of the powerloom sector in an unauthorised way was contributed by the freedom from excise levy. The Committee cannot overlook the impact of the normal urge of the handloom weavers to adopt improved technology in weaving and cannot ignore the fact that to some extent the growth has been a normal evolution, although Governmental directions and regulations were not observed. The Indian Cotton Mills' Federation themselves have realised the impracticability of collecting excise duty from all the "elusive small powerloom units" and as an alternative, have suggested imposition of excise duty only at two stages, namely at the yarn and at the processing stages. They have however, emphasised that the duty should be the same for powerlooms and the mills.

8.17. The Central Excise Re-organisation Committee has observed that the average excise recovery from the powerloom factories paying duty at the standard rates as for textile mills had come down from 24.02 nP. per sq. metre in 1956-57 to 11.9 nP. per sq. metre in 1961-62 and 9.19 nP. per sq. metre in 1962-63 (April to November 1962). The average realisation under the compounded levy system which was 4.12 nP. per sq. metre came down to 3.95 np. in 1961-62 and 3.78 np. per sq. metre in 1962-63 (April to November 1962). There has been an overall decline in the incidence of duty borne by the powerloom factories and it has been estimated by that Committee that the revenue sacrifice under the compounded levy scheme is of the order of Rs. 6 crores annually, not including the revenue foregone on the cloth produced by the totally exempted units of four looms and less.

8.18. On the question of improving the pattern of excise levy on the powerloom sector, the Central Excise Re-organisation Committee's view is that "neither the reduction of the free sector nor raising the compounded levy rates is likely to improve revenues" and that "any considerable upward revision in rates of compounded levy so as to secure a sizeable proportion of the revenue now foregone will induce the operators to opt out of the scheme which it must

be remembered is optional. The same, if not greater, revenue loss may then occur through widespread evasion which would increase unless additional man power is deployed with prohibitive costs for supervision and surveillance of the Powerloom operators". As regards the other suggestion of complete removal of excise duty on the powerloom sector irrespective of the number of looms in a unit—thus going back to the position as was prior to 1955—the Central Excise Re-organisation Committee has not considered it desirable both on considerations of revenue as also on the consideration that such a step would create a conflict with the "overall policy which clearly is to levy a tax on the entire range of power produced textiles whether of cotton, wool, silk or man-made fibres".

8.19. We have carefully considered the various suggestions and have come to the conclusion that the system of charging excise duty at different rates for different sizes of powerloom units and concessions allowed for small units had been a major factor in causing an unhealthy and undesirable distortion in the structure of the powerloom sector in the country. Even the benefits which were sought to be extended to the small powerloom weavers, which would appear to have been the manifest aim of the differential excise rates, had not, in all cases, accrued to them, as a considerable part of such benefit would appear to have been appropriated by devious means by financiers and other intermediaries working behind the scene. If it was purely a question of giving employment to the unemployed in the country and making them powerloom weavers, it could have been done by other methods without detriment to the revenue to the exchequer. Considering all points of view, the best alternative would be to shift the excise levy from the fabric stage to the yarn stage and to the processing stage for all powerloom establishments irrespective of size. We do not agree that a similar pattern of transfer of the full excise duty from fabrics to yarn and processing should be applied to mill cloth also, as has been suggested by the Indian Cotton Mills' Federation. Intrinsically, the powerlooms suffer from several handicaps and even if the size of a factory is very large, the inherent handicaps suffered on account of the dependence for yarn from outside sources would still continue. We have examined the comparative economics of working of powerloom establishments in a separate chapter and have assessed the overall handicap suffered by the powerlooms at about 18% *vis-a-vis* the mills. This would justify excise levy at appropriate rates on the mill cloth in grey condition in addition to the duty on yarn and processing.

8.20. We are of the view that the following basic considerations should determine the pattern of excise levy on powerlooms *vis-a-vis* the mills and handlooms :—
Future pattern of excise—our Recommendations

(1) In the first place the three sectors—textile mills, powerlooms and handlooms—employ differing levels of technology, the mills adopting higher techniques than the powerlooms, the technology of the powerloom itself being higher than that of the handloom. In a situation where these sectors co-exist, taxation should be such that those employing relatively better technology should bear a higher impost. The handloom sector being the weakest of the three

sectors of the textile industry, should, as far as possible, be exempt from taxation. If however, the handlooms are subject to taxation in any way, a corresponding increase in the levels of taxation should be made in the other two sectors—powerlooms and mills.

(2) Again, at present, powerloom establishments having four looms and less are exempt from excise levy. This has distorted the structure of the powerloom industry and has, in fact, been the trigger point for the large unauthorised expansion witnessed in recent years. The aim of the taxation policy should be to so re-design the excise pattern that such tendencies are effectively curbed. On the suggestion that the reduction of the limit for exemption from four looms to one or two looms might fulfill this objective, the Committee considers that such a step would still continue to cause disturbance, distort the structure and perpetuate the unlawful growth.

(3) The present system of imposing excise levy on powerloom units at compounded rates or otherwise on the different size slabs of units having 5 or more looms has not been conducive to stabilise and/or infuse strength to the powerlooms. Quite apart from the abuse of the exemption from duty for units of 4 looms and below resulting in the phenomenal growth of powerlooms in an unauthorised manner, the compounded rates have resulted in frequent fragmentation, transfers and idle capacity in the powerloom establishments purely related to the excise levy. The Committee, therefore, does not consider that the 'slab system' applicable to establishments with 49 looms or less and the system of levying excise duty as a percentage of standard rates on units with 50 or more powerlooms should be continued. Even the replacement of the 'compounded levy' by a flat rate on "per loom" basis would not solve the difficulties, although such a step would have the merit of making the powerloom owners feel the impact of the duty. Further, such a scheme, quite apart from involving a more rigorous and strict control by the Central Excise officers to verify the working or closure of the looms, shifts worked and the varieties produced, would lead to more or less the same type of evasions as at present. The administrative problems are bound to increase as excise surveillance will have to cover a very large number of individual powerloom units.

(4) The excise duty should vary according to the different processes to which the cloth is subjected.

(5) The pattern of excise duty should also be such as to provide flexibility to the powerlooms to take advantage of the different market conditions and make suitable changes in the pattern of production, number of shifts worked etc.

(6) Yarn produced by the mills should be taxed, whether it be used by the mills themselves or sold for consumption by the decentralised sector.

8.21. Based on the above considerations, our recommendations are :—

(1) The existing exemption for powerloom establishments of four looms and below as also the levy on the larger powerloom establishments, whether at compounded rates or otherwise, may be

discontinued and the incidence shifted as a higher duty at the two key points—yarn and processing—where excise surveillance will be more effective.

(2) Yarn in hank form upto and including 40s count (Nf. 34) should bear no duty. This exemption is intended to assist the handloom weavers. Handlooms are already enjoying the concession. Yarn of and above 40s supplied in hank form should continue to enjoy concessional rates as at present. Cone yarn and yarn in all forms other than 'hanks' of all counts should be subjected to excise levy.

(3) A higher rate of duty on yarn delivered on sized beams, whether sized by the composite mills or independent sizing factories may be levied. This may be in the form of a surcharge over the duty on cone yarn. It should be easy and necessary to bring mechanised sizing factories under excise control.

(4) The existing system of charging processing duty on powerloom and handloom cloth may be continued. The rates may be increased suitably taking into account :—

- (a) The complete abolition of excise duty either on compounded rates or on other basis for the powerloom establishments; and
- (b) The need for rationalising the excise rates so that different types of processing might bear different rates of duty, the rates themselves being higher for more sophisticated processing.

(5) With the above changes, the excise pattern on grey mill-made cloth may be revised to provide for the following :—

- (i) An increase in the excise levy on yarn to equate with the increased levy on yarn, which goes to the decentralised sector.
- (ii) A suitable reduction in the basic duty on grey cloth, the additional excise duty in lieu of sales tax being continued.
- (iii) Increase in the excise duty on different types of processing to provide for progressively increased rates for more refined processes after taking into account the reduction in the basic duty for grey cloth.

(6) The excise duty on processing by the independent processors may also be correspondingly increased for the different types of processing with due provision for exempting an initial quantity and for charging reduced rates of excise for powerlooms and handlooms.

8.22. If the Committee's recommendations for rationalisation of excise levy are accepted and implemented, they should go far in rectifying the structural distortions and unhealthy growth of the industry and also the unhealthy practices connected with its recent rapid growth. It is, however, necessary that in relation to the future development of the industry, the role of excise levy should be clearly thought out. In the lessons of the past, there is a sufficiently good basis for deciding the approach in regard to excise levy for the future. One of the lessons is that the rate and pattern

of growth of the industry should not be left to be determined by the vagaries of excise levy but that, on the other hand, the excise policy itself should be so shaped as to subserve the objectives laid down in regard to the growth of the industry. There are two decisions implied in this. Firstly, in so far as excise levy is an instrument for raising revenue for Government, it should be employed like any other taxation measure with due reference to paying capacity and the differentials as between different sections of the industry should be so framed that the relative positions and internal structures of the sections are not disturbed. Secondly, in so far as the excise levy has to be employed as a means for realising certain developmental objectives, it should be so adjusted that it helps in achieving them. The Committee cannot, at this stage, go beyond stating the approach in these broad terms but it would recommend that this matter should be gone into by Government in relation to the recommendations we have made elsewhere in this Report in regard to the production targets and pattern of growth of the powerloom industry.



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CHAPTER IX

ART SILK AND SILK POWERLOOMS

9.1. The Art Silk Powerloom Weaving Industry did not attain any significant size till recently. It is estimated that in 1939 there were only about 2,000 powerlooms engaged in the manufacture of art silk fabrics. The outbreak of War resulted in a setback to the industry on account of stoppage of imports of yarn from the main suppliers Japan and Italy. As no art silk yarn was indigenously manufactured, the industry was entirely dependent on imported yarn. There was, therefore, no progress in the next four or five years. With the re-establishment of the normal trade channels and the availability in fairly good quantities of art silk yarn in the subsequent four or five years, there was expansion of the art silk weaving Industry. In 1951, there were reported to be about 25,800 powerlooms engaged in the manufacture of art silk fabrics. The Indigenous art silk yarn production in the country started for the first time in 1950 giving scope for further expansion of the powerlooms employed on art silk weaving. In the year 1956, the art silk powerlooms were brought under control with the promulgation of the Textiles (Production by Powerlooms) Control Order, 1956. But even after that, looms were reported to have been installed surreptitiously and worked mostly on staple fibre yarn.

9.2. The Silk and Art Silk Mills Association have brought it to our notice that "even though the conditions regarding the supply of the main raw material namely art silk yarn were not entirely favourable due to cuts in import quotas, the number of units with the total number of looms engaged in the manufacture of art silk fabrics increased". In 1958, according to the Tariff Commission's enquiry, there were 3,883 units with 44,500 powerlooms engaged in the manufacture of art silk fabrics. As in the case of cotton powerlooms, in the art silk powerlooms also there has been a large increase in the number of unauthorised powerlooms. According to the Silk and Art Silk Mills Association, the total number of such unauthorised powerlooms could be placed at about 17,000.

9.3. The largest concentration of art silk powerlooms is in Gujarat with Maharashtra, Mysore, Madras and Punjab following in that order. Analysing the structure of the industry with reference to the holdings and ownership, information from the available sources has disclosed that two important but opposing factors had contributed to both the consolidation and the fragmentation of the units. The factor conducive to consolidation was the reduction of over-heads and better and fuller utilisation of the processing capacity installed in the different factories while the factors which had stimulated fragmentation were the pattern of excise duty at slab rates offering complete exemption for the lowest slab and increasing rates of duty to the bigger sized units. This pattern of excise levy was in force till 1962 when excise duty on loom basis was abolished and shifted from cloth to yarn by increasing the duty on

yarn and processed cloth. This changed the holdings and structure of the powerloom establishments.

The picture in Surat in 1956 and 1962 is given below :—

Gujarat State Surat	(In percentages)			
	Units		Looms covered	
	1956	1962	1956	1962
1 to 4 looms	46	46.0	12	17
5 to 9 looms	22	34.0	16	26
10 to 24 looms	17	13.5	16	23
25 to 49 looms	10	3.5	24	12
50 looms and above	5	3.0	32	22

There has been a greater shift towards formation of medium sized units.

Greater Bombay in Maharashtra State has mostly medium or big sized art silk powerlooms units. The break-up according to size groups is :—

10 to 24	2
25 to 49	57
50 to 99	28
100 to 199	22
200 and above	2

The next important centres of art silk powerlooms are Bangalore and Doddaballapur in Mysore State which together account for 8800 looms. The broad structure is that 50 per cent of them is in units of 1 to 2 looms, 40 per cent in units of 3 and 4 looms and the remaining 10 per cent in bigger sized units.

The pattern in Salem, an important centre in Madras State with 2500 looms including ribbon and tape looms is that 850 looms are in units of 1 to 4 looms, 1000 looms in units of 5 to 9 looms, 350 looms in units of 10 to 24 looms and 300 looms in units of 25 to 49 looms.

Ludhiana, a centre specialising in the weaving of staple fibre fabrics, has a preponderance of small units with 1 to 4 looms, almost 80 per cent being in this category.

The bigger sized powerloom units are generally owned by Joint Stock Companies including private limited companies and partnership concerns. It was brought to our notice that in the case of these units, there are no frequent changes of ownership. Changes in the partnership arrangements on account of death or attainment of majority of minor members have, however, taken place from time to time. Sales of undertakings due to uneconomic working in the case of artificial silk units was also reported to have taken place

in a few cases. The owners of smaller sized powerloom units say 1 or 2 looms are self-employed. Units having more looms and working more shifts have necessarily to employ hired labour. The Committee has not been informed that there is any wide-spread prevalence of "master weaver system" in the case of art silk powerlooms as in the case of cotton powerlooms.

9.4. The demand for art silk cloth is entirely met by the art silk powerlooms and handlooms in the country. The Second Five year Plan provided for a *per capita* availability of 1.3 yards of art silk cloth and the Third Plan raised it to 1.8 yards. The total production of art silk yarn in the country includes production of filament yarn (Viscose and Acetate), staple fibre yarn and synthetic yarn. The Third Plan targets for the production of these different types of yarn are:—

(In million lbs.)

Filament yarn :

Viscose filament	76
Viscose Tyre cord	20
Nylon Synthetics	10
Cuprammonium	10
Acetate	24
	<hr/> 140

Staple fibre:

Viscose	64
Acetate	8
Synthetic	3
	<hr/> 75

The requirement of art silk fabrics including exports has been assessed at about 915 million yards.

9.5. During our enquiry, we were informed that acute scarcity and higher prices were prevailing for yarn of finer deniers very much needed by the powerlooms. The availability of the required deniers of yarn was reported to be short leading to several malpractices by the trade and in some cases even by the spinners. Taking the overall point of view, it appears that the Textile Commissioner has been assessing the art silk yarn requirement of the powerloom industry from time to time based on the number of powerlooms reported to be working in the country. Obviously, the Textile Commissioner could not take into consideration the large number of unauthorised powerlooms which were springing up and therefore the estimates made at any point of time proved to be under-estimates later. It was pointed out to the Committee that, owing to the high prices of pure silk and silk fabrics, the consumers who were generally going in for pure silk cloth had switched over to art silk fabrics. It was also explained that art silk fabrics are used by the middle and lower middle class for wearing on occasions, when previously silk cloth used to be worn. It is not necessary for us to go into the characteristics of consumers' tastes in the matter of art silk or synthetic

fabrics. It would suffice to state that the demand has been going up which, in turn, induced the setting up of large number of unauthorised powerlooms.

9.6. The position, however, has also to be viewed from the point of view of the supply of raw materials. The indigenous production of the different types of art silk yarn has not been keeping pace with the demand. It was reported that, at one stage, the Textile Commissioner's Office worked out the total requirements of art silk yarn for the powerlooms working on art silk and staple fibre yarn at 81 million kgs. per annum. It was also estimated that the consumption of art silk yarn by the handlooms and other ancillary industries like hosiery, embroidery, gasmantle, etc., would be 27 million kgs., thus taking the total requirement to 108 million kgs. Currently, the indigenous production of the different types of art silk yarn is reported to be only of the order of 62 million kgs. including staple fibre yarn thus leading to a shortfall of about 46 million kgs. This had led to the need for import. The landed cost of imported yarn is very much lower than the prices of indigenous yarn. But market prices are, however, much higher which could be accounted for by the fact that there is such a large pressure of demand against the limited available supplies. In view of the restricted foreign exchange resources for imports, a method has been devised under which the art silk weaving industry itself (powerlooms as well as handlooms) feeds the imports of art silk yarn by exports of art silk fabrics, the objective being to keep the powerlooms employed to the extent possible. Thus, a scheme of Export Promotion Incentive is being implemented under which the value of the imports of art silk yarn is strictly related to the value of the art silk cloth exported. As the prices at which art silk fabrics are being exported are much less than the internal prices prevailing in the country, a larger quantity of cloth has to be exported to secure the import of the required quantity of art silk yarn, especially, of such finer types of yarn not produced in the country or produced in small quantities only. The pressure of demand for art silk fabrics within the country being on the increase, the scope to obtain higher margins by selling imported yarn obtained by exporting art silk fabrics is being enlarged and thereby a fillip is given to more and more powerlooms coming into the field. Thus, the factors which have directly contributed to the increase in the number of powerlooms working on art silk in the country are :

- (1) The gap between the availability of indigenous art silk yarn and the capacity to satisfy the demand.

- (2) The export incentive scheme which brought about what may be called a craze for having art silk powerlooms purely motivated by the high margins available on the import entitlements.

The scheme of Export Promotion includes a compulsory surrender of 30 per cent of the entitlement earned to enable the indigenous spinners of art silk yarn to obtain the required import of wood pulp. The Silk and Art Silk Mills Association have, in this connection, brought it to our notice that "the tight yarn availability position has led to the varying premia on the yarn so available in the open market. The premium is a key factor affecting exports; along with other factors, it is an index of the financial inducements:

to export and the amount of subsidisation involved in export sales. It may be noted here that due to the preponderance of small units and a weak cost structure, export sales entail a loss of as much as 50 per cent". The expansion of yarn supplies imported as well as domestic has always lagged behind the loomage requirements and in the words of the Association: "Over the period of years, the indigenous supplies of yarn have no doubt been growing and normally this factor should have provided a major off-set to the tighter import licensing. The total supplies of yarn (imported as well as domestic) available to the art silk fabrics industry are estimated to have increased from 70 million lbs. in 1955 to about 114 million lbs. in 1962. But, during this period, the looms engaged in the production of art silk fabrics increased still at a faster rate from 35,000 looms in 1955 to 62,000 looms in 1962, an increase of 74 per cent as against the expansion of 60 per cent in yarn supplies".

According to the Association "It is not the remunerative prices of the fabrics or of the profits which caused the installation of so many unauthorised looms in the art silk sector. It is rather the licensing schemes in the past and the control of indigenous yarn in the recent past that have given an incentive for putting up looms solely for quota purpose, a large number of which are merely paper looms or ghost looms. It is also desirable that control of the looms should not directly or indirectly vest in the financiers or spinners or those who have resources to supply the yarn in order to avoid exploitation of genuine weaver". We do not consider that in the near future raw material supply for art silk looms could be made fully sufficient as scarcity conditions have themselves generated the growth of the looms.

9.7. Art silk yarn is obtained either in cones, hanks or in cakes directly from abroad or from the indigenous spinning units and almost in all cases, the weaving units themselves do the preparatory processes of winding, warping, sizing, etc. The practice of art silk mills supplying the yarn in sized beams has not yet started although we were informed that one spinning unit at Udhna had commenced offering yarn on sized beams to the surat powerlooms.

9.8. There was a distribution scheme until very recently, introduced for distributing indigenous art silk yarn to powerlooms. This scheme had been working since 1958. As this scheme had played a very significant part in the growth and working of the art silk industry, we have considered it necessary to review its impact. It was represented to us that the distribution scheme had not been entirely satisfactory from the point of view of the weavers and it was reported that "yarn which is not required by the weavers is dumped on them and many times deliveries of yarn to the allottees are delayed under various pretexts". As there is a gap between denierwise requirements and the estimated denierwise production by spinners even the denierwise distribution introduced for April-September, 1963 period suffered from certain practical difficulties in its implementation. The Textile Commissioner informed us that, subject to availability of foreign exchange, assistance was being given to spinners for the import of necessary plant and equipment with a view to facilitating diversification of the pattern of yarn production. He brought it to our notice that "the consumers ask for

supply of particular deniers of yarn for which higher premium is prevailing in the open market even though they are not consuming such types of yarn. As such, denierwise requirements of the consumers have frequently changed depending upon the prices prevailing in the open market". In all the centres visited by us, there were complaints from the weavers that the prices of art silk yarn were high. The Surat weavers had compared the landed cost of yarn of different deniers and pointed out that indigenous yarn costs more than imported yarn. It has also been represented that taxation on the raw material i.e. Excise duty on indigenous art silk yarn as also import duty and countervailing duty on imported art silk yarn is very high. In the matter of quality, the Surat weavers advocated that standards should be laid down by the Indian Standards Institution, which should be implemented rigidly. On the subject of yarn prices, the Silk and Art Silk Mills Association were of the view that "as compared to the C.I.F. prices of imported yarn, the ex-factory prices of indigenous yarn were high. But this comparison is not very sound. If the prices in the domestic markets abroad are taken into consideration, Indian art silk yarn prices are not unfavourable. As an illustration, the Association furnished the following figures indicating the prices for 150 denier yarn in rupees per kg.

Name of the country	Domestic prices of 150 denier yarn in rupees per kg.
Switzerland	9.03
U.S.A.	8.79
Britain	8.27
Italy	7.80
Sweden	7.80
France	7.76
India	6.94
Japan	5.05

9.9. The existing policy of feeding the Industry by import of yarn under the Export Promotion Scheme, has given a spur to the growth of the powerlooms. This policy would require to be re-examined so as to plug the loopholes in so far as an encouragement to the unhealthy growth of the powerlooms is concerned. When once indigenous supply is geared to the requirements of the powerlooms in the country, one should expect that even the exports would not be sustained at this level as the internal prices are bound to stabilise at lower levels consonant with the prices of indigenous yarn only.

The Surat weavers had pressed for the setting up of sufficient number of new spinning units to meet the increasing requirements of yarn for the art silk powerloom industry. The Silk and Art Silk Mills Association have also suggested that "Indigenous yarn

plants should be encouraged to be set up for other varieties of art silk yarn such as cellulosic and synthetic and that finer deniers should also be manufactured by the already established viscose plants to meet the demand of yarn of those deniers". The Committee is in agreement with these suggestions as also with the other suggestion of the Association that "large spinning plants should be established so that the advantage of the economies of scale can be obtained".

9.10. The pattern of production of art silk cloth by the powerlooms varies between regions and between units of different sizes.

Pattern of production The units in Ludhiana are predominantly employed on the manufacture of fabrics with staple fibre yarn. The units in Bhiwandi manufacture fabrics with silk and nylon. The units in Bangalore specialise in the manufacture of fabrics with art silk yarn of superior variety and relatively of high quality, of which gold-thread bordered sarees are most important. The pattern of production in Bombay and Surat is diversified and the units are working their looms on silk, art silk and staple fibre yarn as also synthetic yarn. The units in Komarapalayam, an important powerloom centre in Madras State, are employed in the manufacture of art silk sarees, lungies, ribbons, woven labels, etc. The pattern of production is also dictated by the changes in the demand for fabrics in the internal and in the overseas markets. Most of the powerlooms engaged in the manufacture of art silk fabrics are devoted mainly to the production of ladies wear except a small number engaged in the manufacture of fabrics such as shark-skin for bush shirts, suitings, linen and staple fibre suitings, shirtings, terylene suitings and shirtings and lungies. While in the earlier stages, the popular varieties were suitings, georgette, half crepes, doria, chiffon etc., since the introduction of synthetic fibres, there is reported to have been a change over to sorts made out of synthetic fibres such as nylon and terylene currently more popular.

9.11. The art silk powerlooms being dispersed, it is rather difficult to ascertain the exact production of the powerloom sector by the

Production estimates and working of units direct method of obtaining production figures from the different units. The Committee was informed that the Textile Commissioner has been making attempts to obtain details of production from as many units as possible, but even here, it appears that there has been only a partial coverage. We have therefore proceeded on the basis of information obtained by the Study Teams. The average production per loom shift is assessed at about 20 yards. Quite a large number of powerlooms are not having sufficient yarn to work two shifts. The average working as reported in the two main centres—Surat and Doddballapur—was 1.5 shifts per day. In Tanda, Ludhiana and other centres working on staple fibre yarn, looms are employed on two shifts. Overall we have assumed an average working of 1.75 shifts per day. Based on this, our estimate of the current total art silk cloth production on the powerlooms is 630 to 650 million yards and the handloom production about 70 million yards. These figures also generally tally with Textile Commissioner's estimates based on yarn availability.

9.12. During our discussions in Surat, Doddaballapur and Punjab, our attention was drawn to the need for modernisation and rehabilitation of the art silk powerloom weaving industry. It was explained that in Surat not more than 15 per cent of the total number of powerlooms are new powerlooms, others being second-hand discarded looms of the cotton textile mills reconditioned to suit the requirements of the art silk weaving industry. At the same time, if one has to go in for new powerlooms for art silk yarn, one would no doubt go in for a loom which satisfies the full requirement of weaving man-made fibres and filament yarn. We find that the Working Group for Rehabilitation and Modernisation of the Art Silk Industry set up by the National Industrial Development Corporation had noted that "replacement of the existing old machinery is essential as majority of the plain Calico looms falls short of the requirement of weaving man-made fibres and filament yarn, a process which presents problems not generally encountered with in the weaving of cotton or wool. Filament fibres being smooth, require special surface covering, added tension in the loom, correct spacing of the picks etc. Besides, each type of man-made fibre presents its own weaving problems as some fibres are very strong, others very weak, especially when wet. Some fibres are abrasive and cut grooves into the surface they come contact; some stretch extensively whereas others have little or no stretch, some have high elastic recovery while others have little. These are some of the peculiar characteristics not possessed by any natural fibres". It was also considered by the Working Group that "all cotton weaving and processing machines are not necessarily the best machines for use in the art silk industry although some can be used without difficulty in both the industries".

It was made out by some of the representatives that the art silk industry should go in for introduction of automatic looms in order to improve the quality of production and reduce costs and thus enable the weavers to get higher return. The need for equipping the art silk weaving industry with specialised looms such as drop box looms, velvet looms for producing specialised fabrics was also emphasised. On the question of introduction of automatic looms in replacement of plain looms, the advantage sought was one of employment of mass production techniques enabling one weaver to operate a larger number of looms. The Working Group for Rehabilitation and Modernisation of the Art Silk Industry had accepted this position and had indicated a minimum of 25 powerlooms for a unit to obtain the full advantages of mass production techniques. It is, however, a fact that a large part of the powerlooms in the art silk sector would necessarily have to be replaced as a measure of urgency during the next few years. It is also understood that the estimates made by the same Working Group on the requirement for rehabilitation which was placed at Rs. 15 crores, of which Rs. 2.5 crores covered buildings, etc., would require to be substantially increased on account of the rise in prices of machinery during the recent years. This estimate covered only a total of 15,000 looms. According to the data submitted by the Textile Commissioner's Organisation, the total number of looms currently employed on art silk is of the order of over 60,000. A number of big units in Bombay city,

Surat and other areas may not require rehabilitation as much as the smaller powerlooms. We would place the estimate for rehabilitation and modernisation of the art silk industry in its present size at about Rs. 40 crores. Considering the large-scale need for rehabilitation of the entire range of powerlooms employed in the cotton and art silk industry, it would be necessary for the country to step up indigenous textile machinery industry so as to reduce dependence on imports. The pace of rehabilitation could be spread over to two Plan periods covering ten years.

9.13. The growth of unauthorised powerlooms would appear to have taken place during the last five or six years. Our enquiries particularly in Surat have revealed that the unauthorised looms have been installed in small numbers mainly by small independent entrepreneurs who could collect small capital and try to make a living by the employment of powerlooms. The availability of art silk yarn being limited, the urge to set up unauthorised powerlooms in the art silk sector should have been sufficiently strong to overcome the effect of non-availability of art silk yarn. The sanguine belief that Government would at some point of time reconsider its decision not to give any quotas of yarn to such unauthorised looms would also seem to have stimulated the setting up of unauthorised art silk powerlooms. We were informed by the Textile Commissioner that this belief had come true as the unauthorised looms which had been regularised, were made entitled to some quota of art silk yarn supplies. A large number of powerlooms particularly in Tanda, Punjab and South India, are weaving cloth made out of staple fibre yarn. This yarn is available freely without any distribution arrangement although staple fibre yarn is a "poor relation of Viscose filament yarn" Cheap varieties of staple fibre cloth, the cost of which ranges from 50 np. to 80 np., per metre, is produced to cater to the needs of the rural population. It was represented to us that art silk yarn supplied to the powerlooms against their quotas under the distribution arrangement had found their way to the open market which, in turn, had encouraged the setting up of unauthorised powerlooms. It was also alleged that card holders who received excessive quota by inflating the loom shift data, on the basis of which art silk yarn was distributed, were selling the supplies received in the market at high premia.

9.14. The art silk weaving industry, unlike the cotton textile weaving industry, is entirely in the decentralised powerloom and handloom sectors. There is no competition as such from composite mills. The powerloom industry plays a very important and significant part in the export of art silk fabrics, although the needs of the consumers in India are still very much short of being met. On the one hand, the raw material required by the art silk weaving industry cannot be fully met by the spinning industry in the country, while on the other, the art silk and man-made fibre weaving industry has to play its part in the export trade by obtaining as much as possible of its required art

Unauthorised growth of powerlooms employed in art silk weaving and export incentives

Export Incentive Scheme

silk yarn by imports. The Export Promotion Incentive Scheme is designed to fulfill the four-fold objectives of (1) enabling the industry to supplement the supply of indigenous yarn for manufacture of art silk fabrics by the imported rayon/synthetic yarn, (2) enabling the import of wood pulp which is required for the production of indigenous rayon yarn, (3) enabling the import of spare parts needed for rehabilitation and replacement of the machinery employed by art silk weaving industry and (4) enabling imports of certain types of dyes and chemicals for processing of the art silk fabrics produced. The prevalent condition of shortage of dyes and chemicals as also rayon yarn in the country permits the imported yarn as also dyes and chemicals being sold at high rates of profit which acts as the financial incentives behind the entire scheme. The resultant effect, however, is the maintenance of employment of a large number of weavers by keeping the looms active by making available a larger quantity of yarn which would otherwise not have been imported except by allocating special foreign exchange for the purpose. In brief, the Export Incentive Scheme has served to give increasing stimulus to the production of art silk fabrics and to their exports. We were informed that under the scheme imports are not being allowed on the actual f.o.b. value but are restricted to certain predetermined international prices for the different varieties of fabrics exported if those prices were lower than the f.o.b. value and that this expedient was adopted to check undesirable transactions such as over-invoicing. The Committee is in agreement with this action as over-invoicing would prove detrimental to the long-term sustenance of exports quite apart from the commercially unethical practice involved.

The practice of "over-invoicing" of art silk fabrics export consignments seemed to have reached a very serious level in 1958, and Government found it necessary to introduce a scheme of pre-shipment inspection of art silk fabrics intended for export by Inspectors appointed by the Textile Commissioner. According to the Silk and Art Silk Mills Association, "the introduction of pre-shipment inspection and bringing in a correlation between the f.o.b. prices and the incentive prices have brought considerable improvement in the scheme and also changed the export out-turn". It has been suggested to us that in order to move with the current trends and to expand the export of rayon fabrics "a liberal import policy in respect of the entire fibres and yarn that are being developed in the Western countries such as Decron, Tetron, Orlon, Zefron. Acrylon should be followed. This would also enable the industry to keep on its toes technologically".

9.15. Ribbons and labels are manufactured on a large scale by powerlooms using art silk yarn. The important centres are Surat, Komarapalayam, Ludhiana, and Bangalore. In Komarapalayam and Bangalore art silk ribbons are produced on handlooms also. In both these centres it was explained to us that ribbon powerlooms are different from cloth powerlooms and cost only Rs. 250/- to Rs. 300/- per loom. The looms are of local manufacture by the village carpenters and the requirement of power was reported to be small. A request was made that ribbon powerlooms might

**Ribbon, tapes,
labels and lac
looms.**

be freed from the restrictions placed on the cloth powerlooms, whether it is worked on cotton or art silk. It was also explained that ribbon manufacturers could produce Defence requirements like medal ribbons, parachute tapes, insulating tapes etc. provided sufficient quota of yarn was supplied to them. The powerlooms employed on tapes, lamp wicks and braiding thread etc. also fall in the same category. Cotton is used with art silk yarn in an admixture for manufacturing these items. A case was made out by the ribbons, labels and tapes manufacturers that as the products did not compete in any way with the products of the textile mill industry, or cloth powerlooms or handlooms, additional installation of tapes, wicks and ribbon looms should be freely allowed. Difficulty was being experienced by these looms in obtaining adequate supply of the required deniers of art silk yarn. Given the freedom to operate without restrictions, it was explained that the looms might also be employed for manufacturing products for export. In Punjab the Lace and Name Labels Manufacturing Industry claimed that in mechanism, in operation, in size and other technical details, lace machines were quite different from ordinary powerlooms and therefore should be put under a separate class. These looms employ both cotton and art silk yarn in an admixture and any classification of looms either as cotton looms or purely art silk looms could only be arbitrary. Sometimes even woollen yarn was used. The ribbon looms in Surat were employing finer deniers of art silk yarn and nylon. The ribbon manufacturing powerloom industry in the country is a compact, organised and generally prosperous industry and the Committee considers that there is good scope for expansion subject to adequate supply of raw material. The Textile Commissioner does not allow conversion of ribbon powerlooms into cloth powerlooms. A few looms in Surat were reported to have been inadvertently allowed to be converted into cloth powerlooms but when the demand for such conversion became intensified, the Textile Commissioner stopped issuing conversion permits. The Committee considers that it would be a good step to segregate the ribbon, tapes, braiding, labels and other similar powerlooms and allow free expansion of this industry as this sector is entirely distinct from cloth powerlooms and would require to be encouraged. It would be desirable to encourage these specialised activities also as a measure of export promotion. The Committee therefore does not consider that any conversion of these looms to cloth looms should be allowed. The development of this industry would require to be planned independently of considerations relating to cloth powerlooms whether art silk or cotton.

9.16. We also understand that Defence authorities require quite a substantial quantity of tape and newar. The Surat Chamber of Commerce drew our attention to the fact that tape, ribbon and newar powerlooms which were being run more or less on cottage industry basis, mostly with the help of family members, had been neglected and had not received the attention that the industry deserved from the authorities concerned. There was stated to be a vast market both in India and abroad for tapes, ribbons, newar and laces and the Chamber had pressed for adequate expansion of this sector. It was reported that so far as handlooms were concerned, some of the tapes and newar could be woven only on handlooms

and were not amenable to production on powerlooms. The Committee would suggest that purely with a view to watching the development of the industry and assisting the industry whenever necessary, it would be advisable to have free registration of these looms and ensure at the same time that they are nursed properly and given all the required help. The industry should be allowed to develop and seek its own level, the Governmental authorities only coming in for registration without compulsion or restriction. The registration should be freely allowed on payment of a suitable fee and wherever difficulties are faced by the industry, they should be solved to the best possible extent. In conditions of shortage of supply of the requisite raw materials, art silk or cotton yarn, for the manufacture of labels, tapes etc., the industry would no doubt turn to Government for assistance. So long as the freedom is given to this industry to change over from art silk to cotton and *vice-versa*, and all these looms are classified as one for the purpose of registration, sufficient flexibility will be available for the industry to wade through difficult periods. Encouragement should be given to the industry to organise itself, if not on co-operative lines, at least in the form of recognised associations, so that, without any rigidity being imposed on their working, it could function in an effective and organised manner.

9.17. The art silk powerlooms in general have been faring well. This may be attributed as one prominent cause for the growth of unauthorised powerlooms. While the industry

Economics of working of no doubt suffers from certain handicaps in the matter of non-availability of raw materials, processing, marketing and other facilities; it gives reasonable wages to the weavers and ensures a reasonable return to the owners of powerlooms. The analysis made by our study teams discloses that, on an average, a weaver gets Rs. 110 to Rs. 120 p.m. for working on powerlooms while the earning of the owner is about Rs. 50 per loom for two loom establishments increasing to Rs. 70 per loom for four looms and even to Rs. 125 per loom in large units. Tracing the structure of excise levy on art silk powerlooms in the past, prior to 1962, excise duty on powerlooms working on art silk yarn was levied on slab rates based on the size of the units; the rates increasing according to the increasing size groups of the powerloom units. From 1956 to 1959 units having 9 looms and less were exempted from excise levy but this limit was reduced to 4 looms in 1959. The rates were revised from year to year and in 1962 excise duty on art silk powerlooms was completely removed and replaced by increased duty on yarn and on processing of fabrics. The art silk powerloom industry welcomed the abolition of duty in the grey fabric stage.

The economics of working of the units so far as the art silk industry is concerned, is therefore not so much dependent on the differential excise levy as in the case of cotton powerloom sector but on the inherent capacity of the units to produce at the cheapest cost and sell at the best possible price. The economics is also dependent on the capacity of the units to market the products in export trade as quite a considerable amount of advantage is derived from the export incentives. The factors that govern the economics

of working of art silk powerloom units most of which are also common to cotton powerlooms are :—

(1) The flexibility of the unit for changing over the pattern of production to suit the consumers' taste and demand from time to time;

(2) Self-sufficiency in respect of preparatory processes and also the processing of fabrics;

(3) Ability to afford the minimum amenities to the workers employed in the powerlooms;

(4) Capacity to set up selling organisations of their own ;

(5) Capacity to hold on to stock at times of slump conditions ;

(6) Capacity to obtain necessary finances for working capital;

(7) Facility to obtain raw materials of the proper quality and in sufficient quantity;

(8) Facility to ensure the services of qualified and experienced mechanics, technicians, jobbers, etc. to run the looms; and

(9) Entrepreneurship and business acumen of the owners.

The Surat Vankar Sahakari Sangh in their memorandum had suggested that the minimum economic size of the art silk powerloom units should be 25 looms. On the other hand, if we take the preparatory process also, the equipment necessary for weaving, afterweaving and finishing of fabrics, the Sangh considered that a self sufficient unit should have 250 or more looms. At the same time the Sangh was equally emphatic that no restriction whatsoever should be placed over the installation of looms with a view to restrict it to any set minimum or maximum size of the units. According to them, "if any restrictions are placed over the loomsize, it would place the small entrepreneurs in difficulties and particularly the artisan worker who, by saving his earnings, starts a small unit to become an independent weaver and improve his social and economic condition".

The Silk and Art Silk Mills Association which generally represent the bigger sized powerloom units in the country have considered that the minimum economic size of a powerloom unit run by an owner operative should be not less than 6 or more than 12 looms and that an operative could conveniently run the above range of unit. The Association however have doubted the possibility of such an independent unit being financially selfsufficient and had suggested that finances should be made available by Government, semi-Government Cooperative Credit Societies and other financing institutions.

With regard to the marketing of the products and adjustment of the pattern of production to suit the consumers' demands, the Association had, while stating that there were certain business houses who were doing this work for the powerloom operative owners, stressed the need for setting up co-operative marketing facilities. We agree with this suggestion.

9.18. The spinning units in the case of the art silk industry are bound to have a separate existence of their own as distinct from

the weaving side. We do not consider that there is any advantage in developing this industry on a vertical basis by allowing the rayon spinners to set up their own looms. The advantages of continuing the existing decentralised pattern from the point of view of employment potential coupled with the more important factor of dispersal of ownership and entrepreneurship minimising social costs etc. are many justifying the continuation of this pattern. The Committee agrees with Surat Vankar Sahakari Sangh in their assessment of the position on this important aspect and concurs in their opinion that "any change would upset the entire economic working" as in most of the units the owner himself works as a jobber, foreman, weaver and as also salesman of the cloth produced by him. In regard to preparatory processes for weaving and processing of fabrics, it would be necessary no doubt for the art silk powerloom industry to function in a concentrated form in certain parts of the country and this is also the pattern of the existing set up of the industry. This concentration enables small weavers to take advantage of common facilities for preparatory process etc. From this point of view, spreading over of the industry to isolated centres may not meet with material success. The Sangh drew our attention to the fact that scattered powerloom units in several places had been facing difficulties and several units had closed down. The Committee considers that to determine the economic size with reference to preparatory processes and facilities for processing of the fabrics would not be correct as that would mean that only very big sized powerloom units could exist which, according to the Surat Vankar Sahakari Sangh, would be 250 looms and according to the Silk and Art Silk Mills Association, 100 looms. To determine the economic size with reference to the financial resources necessary and the facility for obtaining yarn by individual effort would not be also correct as that would mean that smaller establishments could never be permitted as bulk purchases of yarn would require larger powerloom establishments. Taking all factors into consideration, the Committee considers that the economic unit has to be judged only with reference to the minimum number of looms which can be worked efficiently by a weaver-owner. Theoretically, a weaver can attend to at least two looms. Dependent members of the weavers' family have necessarily to attend to the preparatory process and operations and they could be kept fully employed only if more looms are added. Further, we have also to take into consideration the need for continuing the essential characteristic of small or cottage industry basis for this industry whereby the owner working on the looms functions independently. From this point of view, a unit of four powerlooms may be considered a fairly average sized unit to be worked by a weavers' family. As the establishment of rayon spinning units would require heavy capital investment running into crores of rupees, the prospect of co-operative spinning units on the lines of co-operative cotton yarn spinning mills springing up for rayon yarn spinning should be ruled out for a long time to come. It would however be necessary to establish spinning units in the nearby centres where there is concentration of powerlooms. The industry also lends itself to the setting up of industrial estates where small scale powerloom units could be established with the necessary facilities for common technical and other services. From this point of view, therefore, the picture of the art silk weaving industry in future would be a cluster of art silk powerlooms with technical

and other services, finances, marketing, preparatory and postweaving processes preferably established on co-operative lines. It is reported that in Surat, the powerlooms have formed themselves into associations which are rendering assistance to their member units in the matter of supply of raw materials, processing their products and marketing the same in foreign countries. As the economics of working of powerloom units on art silk are not governed by competing fabrics made by composite mills as in the case of cotton fabrics, to the extent that combined facilities are offered for purchases, sales, processing etc. the art silk weaving establishments irrespective of size groups, obtain a much better return than cotton powerloom units.

9.19. Almost the entire production of the art silk fabrics is sold in processed condition. Except the bigger sized units having their own processing facilities, a large number of small

Processing

units have necessarily to depend on outside processing establishments for processing their cloth. Invariably the middlemen come in at this stage to buy the grey cloth from the powerlooms and sell it after getting it processed outside. The Committee was informed that the prices of cloth in grey condition are unusually depressed by this arrangement. A rough estimate given to the Committee indicated that 50% of powerloom cloth is processed by the bigger sized powerloom factories who take the processing of outside cloth also and the remaining 50% is processed by independent processors. The need for setting up of processing establishments to serve the requirements of the small sized units has therefore been emphasised. The establishment of co-operative finishing plants where art silk powerlooms are concentrated has also been suggested. The minimum capacity of such a processing plant has been estimated by the Silk and Art Silk Mills' Association at 25,000 to 30,000 yards per shift working, which would be capable of catering to the needs of about 500 to 600 looms working on 1.5 shifts. In the case of art silk cloth, fashions change very often which would stress the need for dovetailing the skill in weaving of the Indian artisan with the latest techniques available in the Western countries as saleability of art silk cloth depends on keeping on marching ahead both in the internal and export trade by putting in fresh designs and attractive finishes. so far as the export trade is concerned, this need is more predominant as the products have to compete with those of Japan and other countries where the techniques of processing and introduction of designs constantly are being improved. The art silk powerloom industry in Surat has already set up two co-operative processing factories which are working to capacity. In addition, there are four private dye-houses. The daily production of Surat is estimated at seven lakh yards against which processing facility is reported to be available only for 1.5 lakh yards. In addition to the four private processing units and two co-operative units, ten large sized units have their own processing facilities. Even with these facilities, a substantial part of the production, almost 75 per cent, is being sent to the different centres like Bombay for being processed and then sold in the different markets. If the co-operative processing facilities were made available near about the production centres, it will be helpful to the art silk looms and enable them to market their products better, thereby improving the conditions of the powerloom weavers. In the other art silk powerloom centre of

Doddaballapur in Mysore State, the position in regard to processing facilities is worse. It was reported to the Committee that there was no facility available in Mysore State and therefore the weavers had resorted to the production of such sorts like Sarees which do not need any processing. There are seven art silk co-operative societies in Doddaballapur and one in Bangalore. At the State level there is one Association which functions to serve the interests of the art silk weaving industry in Mysore State. All the powerloom owners are members of one society or the other. The societies are, however, engaged in obtaining art silk yarn from the Distribution Committee and through imports and distributing it to their members. Lack of finance is reported to have stood in the way of the societies engaging in other activities like production or marketing. The powerloom owners welcomed the idea of formation of production-cum-marketing societies. Almost all the powerloom owners pointed out the inconvenience caused to them on account of lack of processing facilities and insisted on arrangements being made to the setting up of co-operative processing factories.

9.20. There is no authoritative list of processing establishments located in the different parts of the country. There is no doubt that whether the cloth is made of cotton yarn or art silk yarn, processing does enhance the value and saleability of cloth and there is increasing demand for such cloth. It is therefore necessary that there should be an overall assessment of the independent processing capacity available in the country and measures devised for ensuring that the full capacity available is utilised without any undue restriction on the types of cloth which can be processed by any processing unit. The installation of processing establishments has not been organised on any rational basis to correspond to the cloth production in the respective centres. This has resulted in unnecessary transport of grey goods to the processing centres. The consumption of such cloth is not restricted to these centres but is distributed in the different parts of the country. In such a situation of uneven distribution of processing establishments, the demand being spread out throughout the country, there are plenty of opportunities created for rigging up of prices. The decentralised powerloom establishments can function economically only if adequate and essential processing facilities are available nearby. There would seem to be no need to curb the freedom of processing units in the matter of processing of cloth (of powerloom cooperatives or private powerloom establishments) irrespective of whether such processing units have been set up under Government assistance or otherwise.

9.21. Generally speaking, the art silk powerloom industry is somewhat in a better position than the cotton powerlooms in the matter of commanding working finance. Representations have, however, been made to the Committee in Gujarat and Mysore States about the financial difficulties experienced by the small powerloom owners for working capital. Art silk sarees produced in Doddaballapur and Bangalore command a very good market in northern India especially in Uttar Pradesh. During the rainy season, however, demand wanes and the weavers very often have to hold on to their stocks for a period of over two months and sometimes have to effect distress sales. It was reported to the Committee that the wholesale cloth merchants and

other financiers have a firm grip over the small units. They purchase cloth from the weavers and send it to Bombay and other places in Northern India giving the weavers or loom owners a meagre margin of Rs. 1 to 2 per saree of 6 yards. It was also reported that wholesalers and intermediaries were able to obtain a margin of even up to 50% of the retail prices charged to the consumers. While this margin of 50% might be exaggerated, the Committee has no doubt that the small powerloom owners are placed in a difficult position, particularly during the slack seasons. Efforts should, therefore, be made for the formation of co-operative marketing organisations so that as much of the margin that accrues to the wholesalers and middlemen could be diverted for the benefit of the producers themselves.

The Surat weaving Industry Central Development Committee brought it to our notice that, to a large extent, financial facilities from either commercial banks or industrial co-operative banks are not available to the small scale powerloom units. Some of the medium sized units and the bigger units are however able to obtain financial assistance from the banks. The bank rates of interest are stated to be between $6\frac{1}{2}$ and 7%, while the rates charged by commission agents vary between 9 and 12 per cent. A request was made that industrial co-operative banks should be directed to give financial assistance to the small and medium powerloom units on liberal terms or alternatively, finances should be provided through co-operative banks. The Surat Chamber of Commerce pressed, for a liberal provision of finance for working capital for exports to cover the time lag between the date of shipment of cloth for export and the issue of import licenses as large funds get locked up for a long time in the export business. The working capital requirement for art silk powerlooms may be placed at about Rs. 4000 to Rs. 5000 per loom. We recommend that facilities for providing finance should be extended by the State Finance Corporations. Loans should also be made available under the State Aid to Industries Act. Alternative sources of financing should be commercial banks. The investment in the art silk powerloom sector is about Rs. 8 crores on looms. Including preparatory and processing facilities, the total capital investment may be estimated at about Rs. 16 to 17 crores.

9.22. The question has also been raised in regard to the desirability of standardising art silk fabrics. In the matter of exports

Government are reported to have laid down certain minimum standards below which fabrics are not allowed to be exported. The inspecting organisation of the Textile Commissioner is carrying pre-shipment inspection of the fabrics to ensure conformity with prescribed qualities. It has also been reported that the Indian Standards Institution has laid down certain minimum standard specifications for some types of fabrics, but these standards are not strictly enforced nor do the powerloom owners think it necessary to enforce them. In the matter of production of art silk cloth conforming to set standards there is a marked difference of opinion. One point of view is that only varieties which conform to the prescribed standards should be allowed to be manufactured and "marked" so as to create confidence in the buyers as such an arrangement would ultimately be beneficial to the manufacturers themselves. The other view is that, in view of the marked preferences and appeals to the consumers on account of appearance

and finish rather than on the essential constructional or manufacturing specifications, prescription of pre-determined standards would be largely rendered ineffective. We, however consider that it should be possible to bring as many varieties as possible under a scheme of standardisation so that both in the matter of exports and internal consumption these standards could serve to create confidence in the consumers about quality and durability. This would also emphasise the need for a machinery to ascertain the changes in the fashions and tastes of consumers so as to tune production to the changing tastes.

9.23. A case was made out by the art silk industry in Surat that the art silk powerloom industry should be the exclusive sector for the manufacture of staple fibre and art silk fabrics and that the cotton textile mills should be prohibited from encroaching on this field. It was brought to our notice that the Government of India have recently permitted composite cotton textile mills to weave staple fibre yarn. According to the representatives of the powerloom industry, this move of the Government was likely to affect adversely the interests of the art silk powerloom sector. It is no doubt true that staple fibre yarn is being used on a large scale by the art silk powerloom industry over a number of years now and certain markets have already been established. It is the contention of the art silk powerloom units that permission given to the composite mills to use staple fibre yarn would mean that benefits of mass production available to the composite mills would jeopardise the interests of the art silk powerloom industry by creating unequal competition. Permission to the cotton textile mills to mix and weave fabrics from blended fibres—cotton mixed with terylene, etc., is also viewed with some apprehension by the art silk powerloom industry. We had the benefit of discussion on this matter with the Textile Commissioner. Government's point would seem to be that, in the context of the need for production of cloth to reach the targetted figure for each of the sectors and ensure the supply of cloth to fulfil the *per capita* requirements as in the Plan, staple fibre and to some extent even art silk yarn would necessarily be required to be allowed to be utilised by the textile mills. In this context, the shortage in the supply of indigenous cotton yarn has naturally to be made good by supply of man-made fibre yarn. It would be a step in the right direction for the Government to increase indigenous production of man-made fibres. We also envisage that in future the pattern of weaving would be more and more of mixed fabrics. We do not therefore agree with the view that the cotton textile mills should be debarred from using staple fibre and other man-made fibre yarn.

9.24. Although Silk weaving has not been specifically included in the terms of reference to us, we were given the opportunity to meet the representatives of the silk weaving industry particularly in Bangalore. We were also provided with some data on the essential aspects of working of the silk powerlooms by the representative of the Central Silk Board. Because of the speciality involved in weaving of silk fabrics mostly with designs and borders, the handlooms play a greater part in the weaving of silk. It is reported that there are over 1,02,000 handlooms employed on silk while the number of powerlooms is

stated to be about 1440. The representatives of the Silk Weaving Industry however placed the total figure of powerlooms at about 2,000. The Statewise distribution of handlooms and powerlooms as furnished by the Central Silk Board is given in the following table:

TABLE XVII

Name of the State	No. of looms installed	
	Handlooms	Powerlooms
Assam	35,960	..
Bihar	1,300	30
Himachal Pradesh	6	..
Jammu and Kashmir	1,030	148
Madras	15,765	34
Maharashtra	436	..
Mysore	14,101	1,200
Orissa	1,500	..
West Bengal	7,025	10
Uttar Pradesh	25,000	18
Madhya Pradesh	1,500	..
TOTAL	1,02,663	1,440

There has not been much scope for expansion of the silk powerloom sector on account of the limited availability of quality raw silk which can be used by powerlooms. The production of filature silk in the country is reported to be of the order of 1.86 lakh kgs. forming only 13 per cent. of the total production of silk. The imports also are very limited on account of foreign exchange restrictions. There have been complaints of the indigenous filature silk not being of proper quality and the representatives of the silk weaving industry emphasised the need for the introduction of quality grading and marking. The representative of the Central Silk Board explained that "in spite of the best efforts by the Board, it has not been possible to introduce compulsory testing and grading of filature silk produced in the country and that the Central Silk Board were taking up with the State Governments the question of ensuring testing and certification of silk produced in Government filatures before release to the market". The need for modern preparatory and finishing machinery for the silk weaving units has also been stressed to improve the quality of production and reduce the cost of manufacture. We recommend that an assessment of the requirement of the industry should be made and steps taken to meet their needs to the extent possible.

CHAPTER X

WOOLLEN INDUSTRY

10.1. The woollen industry was started on an organised basis in 1876 when the first woollen mill was set up in Dhariwal, Punjab. The powerlooms came later in 1932 when the imposition of import duties on woollens with a view to offering protection to the Indian Textile Industry induced the setting up of powerlooms for weaving woollen fabrics, shawls etc. The growth of powerloom industry however has taken place only during the last two decades.

10.2. The set up of the woollen textile industry is similar to that of the cotton textile industry, the spinning and the composite mills constituting the organised sector and the powerlooms and handlooms forming the decentralised sector—the decentralised sector depending on the organised sector for its essential raw material requirements, namely, woollen/worsted yarn. Out of a total of 3,130 powerlooms engaged in the weaving of woollen fabrics, 1921 looms are with composite woollen mills and 1209 are in the decentralised sector, viz., the small powerloom establishments. Amritsar in Punjab is the most important centre for the woollen powerloom industry having almost 90% of the looms in the decentralised sector.

10.3. There are 27 spinning and 43 composite woollen mills in the country with an installed capacity of 2.06 lakh spindles and 1921 looms. The capital employed has been estimated at Rs. 12 crores. The annual rated capacity of the spindles is placed at 35 million lbs. of woollen including shoddy yarn and 28 million lbs. of worsted yarn (including hosiery and knitting yarn). The actual production of woollen/worsted yarn by the organised sector for all purposes in 1963 totalled 50 million lbs.

10.4. The targets for the Third Five Year Plan and the figures of production during 1963-64 for the major items manufactured by **Plan targets and production** the woollen industry are given below :—

Item	Unit	Third Plan target production	Production during 1963-64
Woollen & Shoddy yarn	m. lbs.	24.0	31.8
Worsted yarn	m. lbs.	28.0	18.2
Fabrics	m. yards	35.0	25.0 (Estimated)

10.5. No additional capacity was envisaged during the Third Plan for the Woollen sector either in spinning or in weaving, since the capacity licensed at the beginning of the Plan was considered adequate to meet the expected demand.

10.6. Woollen Powerloom sector consists mostly of small-sized units with 1 to 9 looms. In Amritsar almost 95 per cent of the units belong to these sizegroups. Till 1962, excise levy on woollen powerlooms was based at slab rates under which small units were paying effectively lower rates of excise levy. This was changed in 1962 when the duty on looms was completely withdrawn by increasing the duty on woollen yarn and on processing. While a large number of units were established and have continued to work as small undertakings, it has been reported that some of the bigger units had fragmented themselves into smaller units with a view to deriving the benefits of excise concessions as also to get out of the provisions of Provident Fund and other labour welfare legislations. The woollen powerloom industry cannot be considered as an owneroperated industry. Almost the entire weaving labour is hired and the owner of the establishment attends generally to the managerial and sales activities. This is a peculiar feature of this sector which distinguishes it from the cotton and the art silk powerloom sectors.

10.7. The main problem faced by the woollen powerloom industry relates to the availability of its raw material, viz., worsted yarn. Prior to 1957, import of wool tops for production of worsted weaving yarn was under the open general licensing system. Both yarn and fabrics were also allowed to be imported freely and it was reported there was no dearth of yarn for the powerloom industry. In July-September 1957 the open general licensing system for import of wool tops was stopped and an import licensing system based on the past consumption and/or the installed capacity of the spinning industry was introduced. Imports of woollen fabrics and woollen yarn were also stopped and a ceiling was placed on the import of raw materials for the woollen industry. Thereafter due to foreign exchange difficulties the ceiling was progressively reduced year after year. The result was that as against an import of raw materials worth Rs. 14 crores during 1956-57, the ceiling allotted for 1962-63 was only Rs. 6.5 crores, supplemented by Rs. 1.0 crore in the form of import of synthetic fibres. The reduction in the supplies of wool tops made it difficult for the spinning industry to maintain production and this together with the increase in capacity licensed in 1958 resulted in pushing up the prices of worsted yarn causing serious hardship to the small powerlooms. The regular and healthy working of the woollen industry depends on the continuity of supply of raw material. As already mentioned, on account of foreign exchange difficulties the allocation of foreign exchange for the import of raw materials required by the woollen industry has been progressively declining, except during 1963 when, in order to meet the defence requirements, special allocations of foreign exchange were allowed. However, in order to ensure that the burden of shortage is equally shared by the different sectors, it was suggested that in the future expansion of the worsted spinning industry due consideration should be given to the needs of the small woollen powerloom establishments, by allowing them to set up their own spinning mills preferably on co-operative lines. We agree with this suggestion and recommend it to Government. It was also suggested that import of wool tops should be allowed in favour of the small powerlooms so that they might get them converted into yarn for their use. Government may examine this suggestion in the context of the overall import policy and licensing.

10.8. We understand that, at the instance of the authorities, the representative bodies of the mill industry announced in 1960 self-regulated prices of "worsted weaving" yarn and also asked the mills to sell their yarn to their regular customers *pro rata* on the basis of the past off-take at the regulated prices. The scheme did not however work well as many mills did not adhere to this discipline. A large number of complaints were received by the Textile Commissioner also. Finding that there was no alternative but to bring into being a full-fledged distribution scheme, the Woollen Development Council in 1962 evolved a scheme for distribution of worsted weaving yarn. We understand that some quantities of yarn were distributed in the later half of 1962 under the scheme although, even here, the full allotment of yarn was not covered. The representatives of the small woollen powerlooms complained to us that several mills did not play fair and that the weaving industry was left holding cards issued by the distribution Committee against which no supplies were received. Before the distribution scheme could get going effectively, almost the entire production of the woollen mill sector had to be diverted to meet the Defence requirements on the declaration of emergency. This upset the basis on which the distribution scheme was drawn up and the mills did not have the necessary surplus yarn to supply to the decentralised sector after meeting the Defence requirements.

10.9. During the course of our visit to Amritsar we saw a few factories which had closed down completely and others working their looms only intermittently. Our Study Team during its investigation also found that the industry had drastically to curtail its working. Instead of the normal working of two shifts during the busy season the average working in the industry, as a whole, amounted to only half a shift during the busy season of 1963. The small scale woollen weaving sector brought it to our notice that the composite mill sector had been expanding its looms taking away for their own consumption increased quantities of yarn, part of which would have otherwise been supplied to the decentralised sector. Cases were cited where spinning mills had also set up their own looms by taking over looms from the decentralised small powerloom establishments. While shortage arising from emergency conditions is unavoidable we consider that the burden of sacrifice should be equitably borne both by the composite mills and small powerloom establishments. The practice of composite or spinning woollen mills taking over the capacity in the small powerloom sector should not be permitted.

10.10. The main items of production by the woollen powerlooms are suitings and shawl cloth. The woollen weaving industry caters to seasonal requirements, the period from June to January being the busy production season. The powerloom sector accounts for 20% of the total woollen cloth supplies at present, the balance of 80% being contributed by the composite mills.

10.11. All woollen cloth except cloth meant for shawl making undergoes processing before sale. As in the art silk and cotton sectors, there are independent processors who process a major portion of the woollen cloth production. A

few of the composit mills have their own processing equipment and they also undertake processing of outside cloth. Generally, the processing facilities available for the industry are inadequate. In Amritsar it was reported that the charges for processing were being revised frequently because of the shortage of processing facilities and increase in prices of dyes and chemicals. It would be to the advantage of the woollen powerloom industry if efforts were made to set up co-operative processing factories.

10.12. A noteworthy feature about the woollen powerloom industry is its ability to market on its own much of the cloth produced by it. Woollen goods enjoy an all India market and the small units have their own representatives for selling cloth and obtaining market intelligence about the changing tastes of the consumers. Unlike the cotton sector, the woollen powerlooms are able to obtain financial accommodation from commercial banks for meeting their requirements of working capital. Banks in Amritsar are reported to be advancing to powerloom units against stocks of goods loans to the extent of 60 to 75% of the value of the stock. The Amritsar Small Scale Woollen Manufacturers' Association informed us that the small powerloom units do not depend on any other financial institutions or money-lenders to any considerable extent for obtaining their requirements of finance.

10.13. Our Study Team has evaluated the economics of working of a few of the small powerloom units in Amritsar. This was done by collecting data relating to loom activity, production, sales, etc. The existence of a high level of idle capacity in the units at the time of study on account of inadequate supply of raw materials had made it difficult for the team to give an assessment of the working under normal conditions. The studies of the Team have shown that the profit per loom per shift per month varied from Rs. 107 to Rs. 357 depending on the type of fabrics produced and the continuity of working. For a common item like suiting the profit per loom per shift worked out to about Rs. 250 per month. In terms of percentage on sales the profits vary from 2 to 5%. The monthly earning of a weaver was assessed at Rs. 100 to Rs. 150.

10.14. The small woollen powerloom establishments represented to us that they were not given appropriate share of supplying woollen items for the Defence Services. We recommend that the claims of the small woollen powerloom sector may be considered to the extent possible in the placement of Defence orders.

10.15. Closely related to the powerloom weaving industry is the shawl industry. The shawl industry especially the embroidery part of it is an important traditional cottage industry in Punjab and Jammu & Kashmir which gives gainful employment to the persons belonging to the backward classes. The main raw-material for the shawl industry is "raffal cloth". The annual turnover of the industry is reported to be about Rs. 3 crores including exports. It was reported to us by

the shawl manufacturing interests of Amritsar that while the shawl manufacturing industry in Jammu & Kashmir was being enabled to obtain the raw material at a rate of Rs. 37 per seer through special arrangements, the industry in Amritsar was obtaining it at a higher price of Rs. 55 per seer. The industry in Punjab had represented that this difference in the price of "raffal cloth" had affected its competitive capacity and had pleaded that it might be enabled to obtain the raw-material at the same rate as its counterpart in Jammu and Kashmir. We took up this matter with the Textile Commissioner and were informed that arrangements made in regard to Jammu & Kashmir State were of a special nature and could not be extended to the shawl industry in Punjab.



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CHAPTER XI

SUPPLY OF LOOMS AND ACCESSORIES

11.1. In the context of our recommendation made elsewhere in this report to instal powerlooms in the handloom sector on a large scale, the question of providing the necessary sources of supply of looms and accessories assumes importance. We were informed that licences for the manufacture of looms are issued under the provisions of the Industries (Development and Regulation) Act, 1951 and that, currently, the licensed capacity for plain looms will cover the production of 8520 plain looms per year on two shift working and 5700 automatic looms. The actual production in 1963, is reported to have been only 1802 plain looms and 3382 automatic looms. The looms manufactured by the industrial units licensed are mostly supplied to the organised mill industry. We understand that there is statutory control on the production and sales of powerlooms. The dealers of powerlooms have to register themselves in the books of the Textile Commissioner and render accounts of purchases, stocks and sales. The parties who buy the powerlooms, have also to obtain the prior permission of the Textile Commissioner. So also the manufacturers have to adhere to the prescribed regulations in the matter of sales. Thus, theoretically, there is a well-knit control mechanism which would make it impossible for any one to obtain a powerloom and instal it without going through the entire gamut of applying for permit, securing the looms on presentation of permit and installation of looms with a texmark from the Textile Commissioner. It has been explained that the demand for looms from the organised mill sector is large and would more than cover the production of looms by the indigenous manufacturers.

11.2. Our recommendation in Chapter XII for installing 10,000 powerlooms during the remaining period of the current Plan and one lakh looms during the Fourth Plan would alone mean that the indigenous loom manufacturing capacity should be increased substantially and progressively. In addition, the replacement of looms by the cotton textile mills would require an yearly supply of 5,000 looms if the past pace of replacement has to be continued. Further, the existing powerlooms in the country both cotton and non-cotton including the unauthorised looms would also come in for a major replacement which might be spread over during the next 10 to 12 years. On an average, the requirement on this account would be at least 10,000 looms per year. Out of these, it is possible that some of the looms replaced by mills may be re-conditioned and made fit for use in the powerloom sector. Assuming that 50 per cent. of the looms replaced by the textile mills are utilised this way, at least 7,500 looms will have to be provided every year for the powerloom industry for replacement purposes. On the whole, therefore, our estimate of the total requirement of looms every year till the end of the Fourth Plan would work out to an average of about 32,000. The installation of powerlooms, however, will have to proceed in a phased programme. Still, the existing capacity would seem to be far short of requirements. A phased programme has to be drawn

up for increasing the indigenous production of looms linking it with the phased programme indicated by us for the installation of powerlooms in the handloom sector from year to year. In view of the wide disparity between licensed capacity and actual production by the existing loom manufacturers, efforts would be necessary to step up their production. It will also be necessary to permit additional capacity to serve the needs of both the textile mills and decentralised sector.

11.3. We have mentioned earlier in this report that a large number of small loom part manufacturers have sprung up in the different parts of the country. They are playing a useful part in the servicing, maintenance and replacement of the powerlooms in the decentralised sector. In fact, with the announcement of the conversion scheme of handlooms to powerlooms in the handloom co-operatives with an emphasis on cottage powerlooms being installed in the process, certain enterprising engineering firms had taken up the initiative for the manufacture of powerlooms. In States like Kerala and Bihar, the State Governments wanted to utilise the opportunity to encourage local entrepreneurs to interest themselves in the manufacture of powerlooms. An engineering firm in Kerala was able to manufacture a number of looms which passed the test of technicians, but it was reported that the scheme could not go through on account of denial of licence to them by the Textile Commissioner. The reason adduced for refusal of licence was "that the existing capacity for loom manufacture is sufficient for the needs of the country". In the context of the situation where large-scale replacement of looms both in the mill sector and the powerloom sector will have to be taken up almost immediately and run for a number of years to come in addition to the large scale installation of additional looms in the decentralised sector, we do not see the need for placing restrictions on new entrants in the field of manufacture of powerlooms. During our visits we could see quite a considerable amount of enthusiasm, energy and enterprise in the small scale factory establishments for manufacture of loom parts and accessories and assembling of looms which deserves to be nursed, assisted and encouraged. A decentralised set up of powerloom establishments would require the spreading out of the manufacturing and servicing units. At any rate, when the industry has been depending mostly on looms rejected by mills and loom parts and components manufactured locally, it would not be a retrograde step to allow the small scale industry also to cater to the decentralised sector in the supply of looms. We do recognise that emphasis should be placed on quality but do not consider that a decentralised set up for the manufacture of powerlooms and parts of looms would necessarily lead to deterioration in quality.

11.4. We also consider that in order to provide the technical guidance to these small factories in the matter of designing and fabrication of looms, suitable technical service, guidance or assistance unit will be necessary. In this respect, the textile research associations as also the Small Scale Service Institutes in the different parts of the country could play a very useful part. We have elsewhere suggested that the entire responsibility for the development of the decentralised sector of handlooms and powerlooms should be vested in the All India Handloom Board as reconstituted

into a Statutory Body. This organisation should act as the co-ordinating authority in the matter of ensuring that the necessary facilities are brought into existence in the different parts of the country for supply of looms and loom parts to the decentralised sector.

11.5. We are also informed that the efficiency of the plain looms could be improved and that an intensive research in this regard is called for. Under our recommendations, a large number of powerlooms will be working in dispersed areas and as small undertakings. Research in the matter of improvement of weaving techniques should be such as to fit in with the smallscale nature of operations of the powerlooms, and should not be focussed only on the application of modern automatic techniques which are conducive to centralised and mass production.



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CHAPTER XII

TARGETS OF PRODUCTION

12.1. The cloth requirements of the country are met by (a) cotton cloth; (b) cloth made out of man-made fibre yarn and (c) silk and woollen cloth. Of the total production of about 8,850 million yards, cotton cloth accounts for about 8,000 million yards, cloth made out of man-made fibre yarn about 725 million yards, woollen cloth about 25 million yards, silk cloth 20 million yards and khadi about 80 million yards. Thus the cotton textile industry is the major contributor to cloth production although the contribution of man-made fibre fabrics is assuming increasing significance.

12.2. Tracing the availability of cotton cloth since 1951, there has been a progressive increase from 5,180 million yards to 8,000 million yards in 1963. Thus, the increased availability during the last twelve years has been of the order of over 2,800 million yards, an increase of about 55%. During the same period, the supply of art silk fabrics has increased from 312 million yards to 720 million yards, an increase of about 130%.

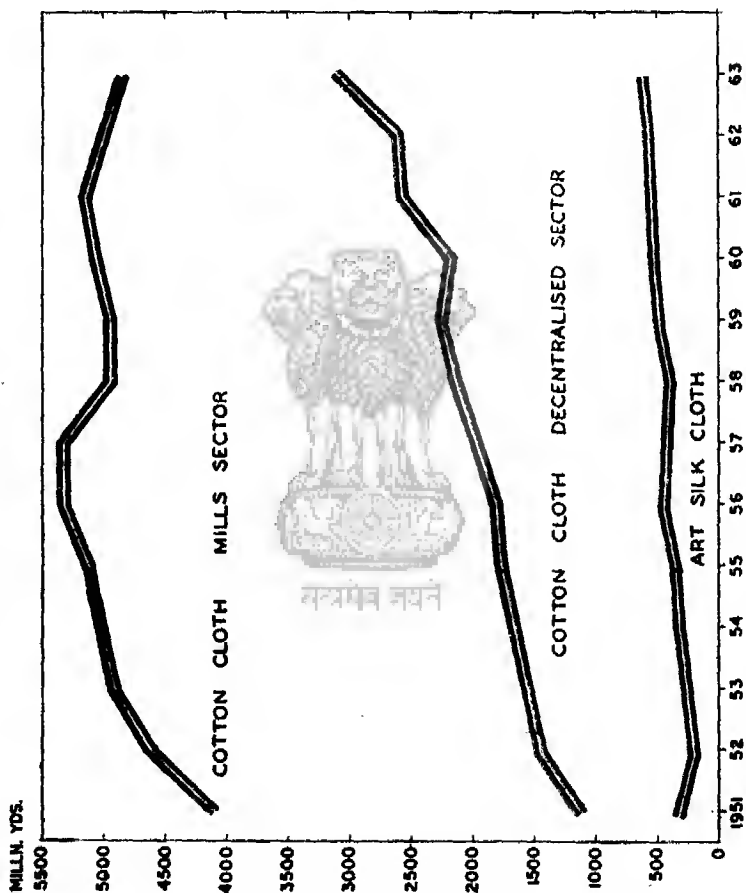
12.3. Cotton cloth is produced by cotton textile mills, handlooms and powerlooms; in other words, the organised and the decentralised sectors of the textile industry. The targets are fixed for mill-made yarn, mill-made cloth, cloth produced by the decentralised sector and khadi. One common feature to be noted is that the targets fixed are not physically enforced on any of the sectors whether it be the mills, handlooms or powerlooms. It would be difficult to do so as, with the same capacity utilisation a change in the pattern of production often results in a significant change in the volume of production. The targets are fixed in terms of yardage and weight of yarn without reference to the structure of fabrics or counts yarn. They are only utilised for the purpose of either regulating assisting, developing or expanding the capacity in the respective sectors. The capacity of the textile mill sector is measured by the number of looms and the number of spindles while the capacity of the powerlooms and handlooms is measured by the number of looms. In so far as handlooms are concerned, there is considerable unutilised capacity. It is reported that there are about 22 lakh commercial handlooms in the country. The average production per loom per day at present is barely 3 yards, assuming that all these looms are active. It is reported that it is possible to double this production. If this is done, the production by the 22 lakh handlooms can reach the figure of over 4,000 million yards. The production capacity of the existing cotton powerlooms in the country on the basis of two shifts working can be assessed at about 1,600 million yards.

12.4. In all the Plans so far, the emphasis has been on a larger production of cotton cloth by the decentralised sector. The actual

PRODUCTION OF CLOTH



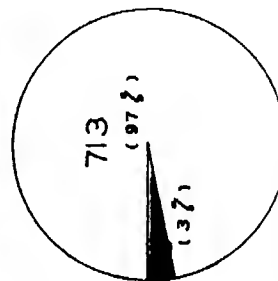
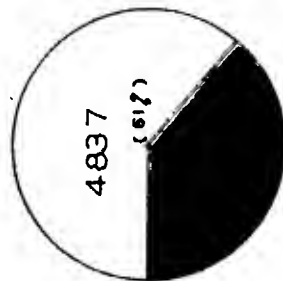
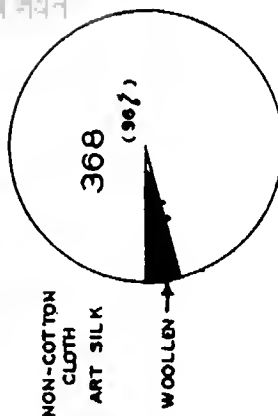
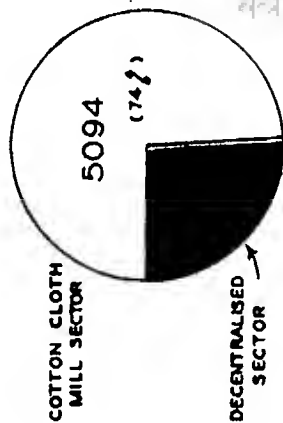
PRODUCTION OF CLOTH



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PRODUCTION OF CLOTH IN EACH PLAN PERIOD

(IN MILLION YARDS)

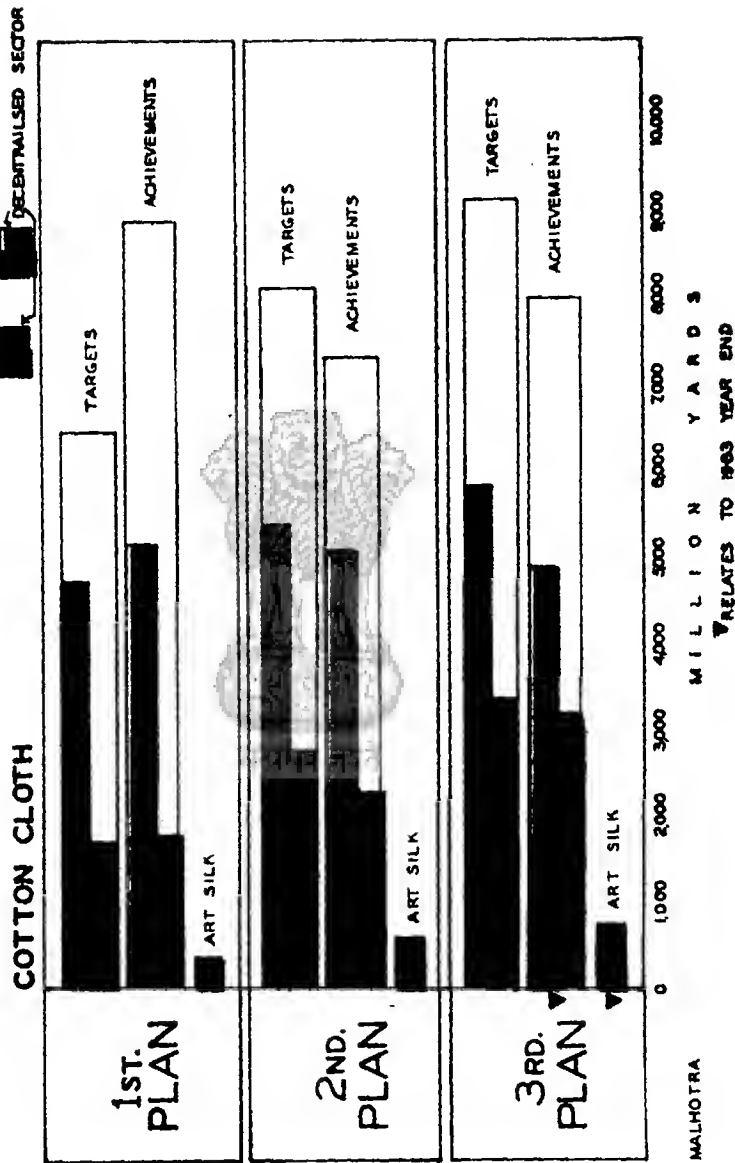


FIRST PLAN
(1955 YEAR END)

SECOND PLAN
(1960 YEAR END)

THIRD PLAN
(1963 YEAR END)

TARGETS AND ACHIEVEMENTS IN PLAN PERIODS



performance against the set target at the end of each plan excluding allotment to Khadi compare as under :

	(in million yards)		
	Mill cloth	Handloom cloth	Powerloom cloth
First Plan target	4700	1700	No specific mention
Actual production at the end of First Plan.	5000	1450	250
Second Plan target	5350	2300 plus 200*	250 *to be produced by replacing hand-looms by power-looms under the conversion scheme in the Handloom cooperatives.
Actual production at the end of Second Plan.	5196	2592 (combined for hand-looms and power-looms).	
Third Plan Target	5800	3350 (Combined for hand-looms and power-looms).	
Current Production (1963)	4837	3150 (Combined for hand-looms and power-looms).	

The Third Plan did not specify the target separately for handlooms and powerlooms.

12.5. The *per capita* availability of cotton cloth (excluding khadi) is currently at the level of 16.00 yards (14.63 metres). The availability is determined by the total cloth production less exports plus imports of cloth (which however is very insignificant running at not more than 2 million yards per year). At the commencement of the First Plan, the *per capita* availability was barely 12.01 yards (10.98 metres) as the total production by the organised and decentralised sectors was at the lowest figure of 5,184 million yards. The exports had then stood at 823 million yards, thereby reducing the overall availability. The availability picked up in 1952 when the overall cloth production stood at 6,035 million yards and, with a reduction in exports to 602 million yards, the *per capita* availability increased to 14.71 yards (13.45 metres). The position in 1956 in the first year of the Second Plan was that the *per capita* availability stood at 16.08 yards (14.70 metres) with a total cloth production of 7.126 million yards and an export of 804 million yards. In the year 1961, although the cloth production increased to 7,736 million yards and exports were less by about 200 million yards as compared with 1956, the *per capita* availability stood only at 16.13 yards (14.75 metres),

viz. a bare increase of 0·05 yard over 1956. Almost the entire increase in production was absorbed by the increase in population. The figures for the year 1963 show that the *per capita* availability of cloth has come down to 16·00 yards which is accounted for mainly by the increase in population and declining cloth production in the textile mill sector. The *per capita* availability of cloth at the end of the Third Plan has been estimated at 17·4 yards.

12.6. While Government have been able to obtain accurate statistics of production from the textile mill sector, no separate statistics of production from the handlooms and powerlooms are available. We recognise the difficulties in obtaining continuous statistical material for such a widely dispersed sector as handlooms and powerlooms. The Textile Commissioner's assessment of the production by the handloom sector is based on free yarn supplies to the decentralised sector as a whole, of which a certain percentage is assumed as the consumption by handlooms. In addition, we have been informed that the production by the handlooms in individual States is being attempted to be assessed by a statistical sampling survey. We have therefore attempted to estimate the production of cotton powerloom cloth independently on the basis of evidence tendered to us in the different centres and the data collected by our Study Teams on the shift working of powerlooms, the pattern of production, etc. We have also tried to assess separately the total powerloom cloth production on the basis of supply of yarn in the form of cones, sized beams, etc. which cover almost exclusively the requirements of the powerlooms. On the total number of 82,000 powerlooms on cotton yarn reported to be existing in the country, the extent of utilisation varies from centre to centre and from season to season. Theoretically speaking, a powerloom should be capable of working on all the three shifts provided—

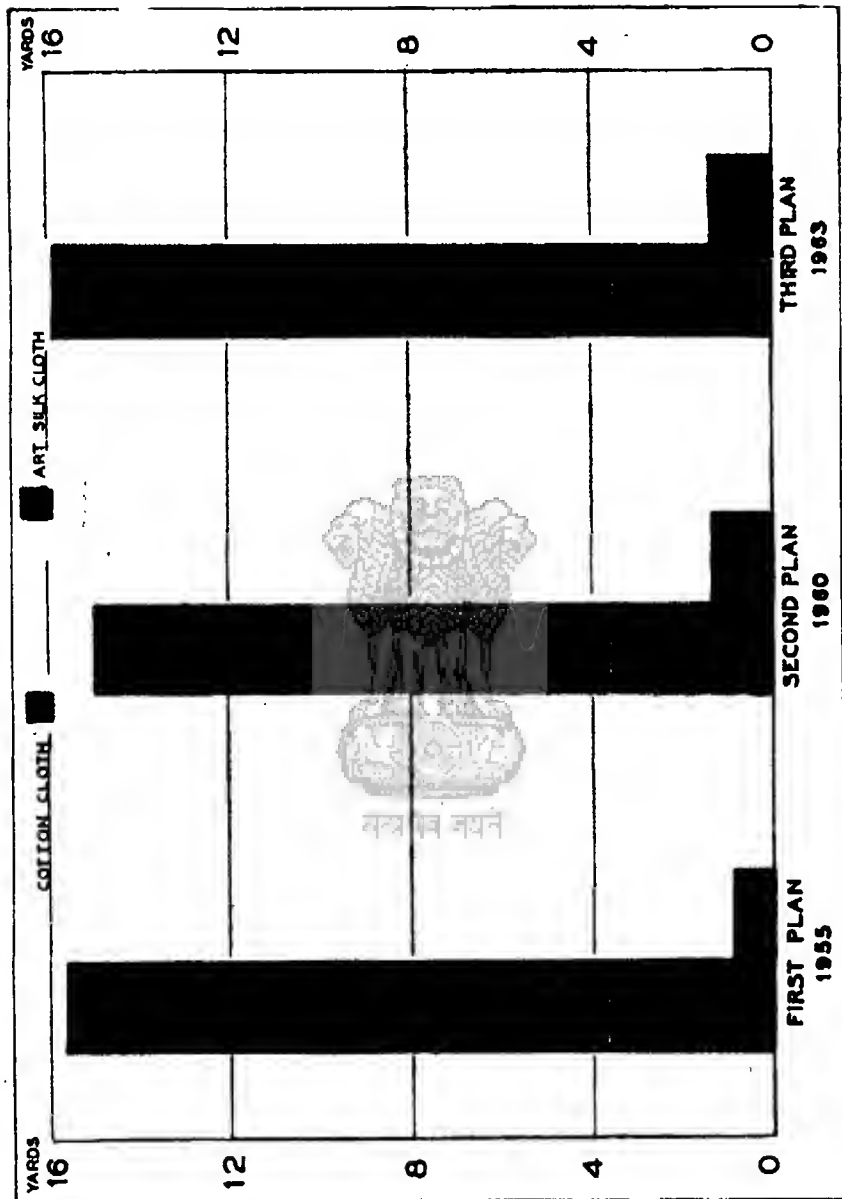
- (a) adequate supply of yarn is available of the required counts;
- (b) the market conditions are favourable;

and

- (c) the looms themselves are in a fit condition to be put into round the clock service.

Actually, however, these three conditions are not fully satisfied in all the centres. There are complaints of acute shortage of supply of yarn particularly of fine and superfine counts on which admittedly most of the powerlooms in Maharashtra State are at present employed. The cost of production by the powerlooms being higher than for the mills and the quality of powerloom cloth also not being of the standard attained by mills, powerloom cloth could command sale in the market only at a discount. In addition, slump conditions in the market when they arise will affect the powerlooms more severely than the mills and the working of powerlooms will, as a consequence, suffer. It is also an admitted fact that a good portion of the powerlooms installed were fabricated from looms rejected by mills. In this context, therefore, the physical possibility of putting the looms on intensive working on a continuing basis in all the three shifts should be ruled out. Out of the 82,000 powerlooms, Maharashtra accounts for 55 to 60 per cent, the remaining being spread over in the other regions. It is reported that about 80 per cent. of the looms

PER CAPITA CLOTH AVAILABILITY AT END OF EACH PLAN



in Maharashtra are employed on fine and superfine fabrics, the remaining 20 per cent being mainly on higher medium. The production in other centres is mainly of higher and lower medium cloth. Broadly, therefore, the overall pattern of production will be:—

Fine and superfine	.	.	.	.	.	.	.	55%
Higher Medium	.	.	.	.	.	.	.	30%
Lower medium and coarse	.	.	.	.	.	.	.	15%

The average production per loom shift on the powerlooms being: fine and superfine 25 yards, higher medium 30 yards, coarse and lower medium 35 yards, the total current cloth production by the powerloom sector on the basis of one and a half shift working as already assessed in the chapter on Economics of Working may be placed at between 1,000 to 1,100 million yards.

12.7. It is possible to have a counter check on the estimate of production on the basis of yarn supplies also. The entire production of handlooms, powerlooms and hosiery has to come out of the total supplies of yarn made available by the textile mill industry. In Chapter IV dealing with the raw materials for cotton powerlooms, we have assessed the pattern of consumption of yarn made available by the textile mill industry as 68% by handlooms, 22% by powerlooms and 10% by hosiery, rope making etc. The current supply of yarn by the textile mill industry to the decentralised sector is at the level of 316 million kgs. per year. This would mean that about 70 million kgs. of yarn is consumed by powerlooms. The pattern of yarn consumption between fine and superfine, higher medium, and coarse and lower medium being in the ratio of 50:32:18 the total cloth production applying the basis of average yield of cloth per kg. of yarn at about 18, 12 and 10 yards respectively, would work out to about 1,025 million yards. The estimate of powerloom cloth production currently therefore lies between 1,000 and 1,100 million yards. This would mean that the balance of 2,050 to 2,150 million yards is accounted for as the production by the handloom sector.

12.8 Cloth production depends not only on the capacity of the mills, powerlooms and handlooms to weave, but also on the availability of cotton without which creation of additional capacity will be infructuous. In a situation, where there is excess capacity in the handloom sector and, to some extent, in the powerlooms also, a larger production in the decentralised sector can be obtained by more intensive utilisation of capacity, provided sufficient yarn is made available. The maximum productive capacity of the handlooms at present in existence in the country being about 4,000 million yards and of powerlooms being about 1,600 million yards on the basis of two shifts working, the total capacity of the decentralised sector can be placed at about 5,600 million yards. In so far as the textile mill sector is concerned, the existing installed loom capacity is capable of production of 5,000 to 5,100 million yards as against the allotted target of 5,800 million yards in the Third Plan. The spinning capacity of the textile mill industry has already been allowed to expand by about 3.7 million spindles by way of substantial expansion of existing units and by setting up of new units. In addition, about 1.3 million spindles by way of marginal expansion and stepping up of capacity to minimum 25,000 spindles per unit has been allowed.

The total addition to spindleage capacity as authorised will therefore be about 5 million spindles which will raise the licensed capacity from 14 million spindles at the commencement of the Third Plan to about 19 million spindles. The mid-term decisions to expand textile capacity are reported to have been taken to allow a flexibility to the textile units and entrepreneurs to go in for additional spindleage with the full knowledge that the actual implementation within the plan period would any how fall short of the additional capacity licensed. A substantial spill-over during the Fourth Plan is therefore expected. The creation of additional capacity is closely related to the capacity of the indigenous textile machinery making industry to supply the required machinery. We understand that manufacture of indigenous textile machinery for spinning preparatory items like blow-room, draw frames, combers and speed frames is very much inadequate and therefore a large portion of these items of machinery will have to be imported. The plan originally allowed for 3 million spindles (excluding one million spindles held in reserve) and 25,000 automatic looms for which the capital expenditure on machinery was assessed at Rs. 145 crores. The plan provided for a target annual production of textile machinery worth Rs. 20 crores only, the aggregate production during the plan period being estimated at around Rs. 80 crores, which was to cover the requirement of both expansion and rehabilitation. Out of the Rs. 145 crores worth of machinery needed for expansion of spindleage and loomage therefore, even the Plan provided for indigenous machinery worth about Rs. 40 crores only, assuming a 50% absorption for rehabilitation. In this context therefore, the actual implementation against additional licences issued for expanding the spindleage capacity by another 1.3 million spindles or so will necessarily be very much impeded due to inadequacy of availability of machinery both indigenous and imported. Overall however we may not visualise the planned target production of yarn being halted by shortage of spinning capacity in the country, as, with the abundant licensing of additional spindleage, even a part materialisation would go to fulfil the requirements.

12.9. It looks, however that the achievement of plan targets for cotton cloth will depend on the availability of raw material (cotton supplies) rather than on creation of capacities whether it be in the mill sector or the decentralised sector. The Third Plan has provided for 70 lakh bales of Indian cotton production with an import of about 6 lakh bales of foreign cotton. The consumption by the mills is placed at 67 or 68 lakh bales per year. The present consumption is running at the annual rate of 62 lakh bales of both Indian and foreign cotton. If experience in the past is a guide, the Indian cotton crop prospects pass through periodical ups and downs causing major variations in the production levels of cloth and yarn. The expedient adopted in the past has been to import cotton of even staple 1" and below from abroad to meet the gap. In any planned economy occasional shortages on account of extraneous factors might arise. The planned target for cotton cloth, however, has been built on a very substantial increase in the Indian cotton crop going upto 70 lakh bales at the end of the Third Plan. The current year's cotton crop (September 63—August 64) is estimated at about 55 lakh bales. From the past record of production of cotton by the combined efforts to increase the acreage and to improve the yield per acre, it would be

Likely performance in the remaining period of Third plan

seen that the total crop had increased from about 30 lakh bales in 1950-51 to 53 lakh bales in 1962-63, i.e. for a period of 12 years, giving an average increase of 2 lakh bales per year. While this has been the long-term trend, there have been violent fluctuations in the total cotton crop in particular years on account of adverse weather conditions. While it should be recognised that these fluctuations were unavoidable, the realisation of a better yield per acre by provision of improved fertilisers, pesticides, etc. and bringing in more acreage in cotton under irrigation would throw up a better and more assured increase of cotton crop. During the remaining two years of the current Plan, however, the prospect of Indian Cotton crop going up to 70 lakh bales would be a very unrealistic assumption. A more realistic assumption would be a little over 60 lakh bales. Allowing for an import of 6 lakh bales, cloth production at the end of the current plan may therefore turn out to be only 8,500 to 8,600 million yards which would mean that during the remaining period of the current plan cloth production should be stepped up by about 500 to 600 million yards. We have already explained earlier in this chapter that textile mill cloth production could go up to 5,000 to 5,100 million yards from the current level of 4,850 million yards. There will still be a gap of 250 to 350 million yards which should be made up by stepping up the production by the decentralised sector.

12.10. Our estimates of the handloom and powerloom cloth production at the end of the Plan periods are given below :—

	(Figures in million yards)	
	Handloom	Powerloom
First Plan	1450	250
Second Plan	2000	600
Third Plan (1963)	2050 to 2150	1000 to 1100

It will be seen that the rate of increase of cloth production in the handloom sector has tended to slow down in the Third Plan. Expansion of production in a decentralised sector like the handlooms depends on the weaver finding it worthwhile to produce more, which, in turn, is conditioned by the additional income he can thereby earn apart from the other factors such as supply of raw-materials, working finance, improved equipment etc. Reservation of production of certain varieties to the handlooms can also help the handlooms to produce more to fill the gap between supply and demand. In the ultimate analysis, however, it is the pressure of demand and the margin available in the marketing of the products which act as the main incentive for larger production. This pressure of demand and the margin available in marketing are more easily ascertained and translated into action by the organised sector viz. the textile mills. We have noticed during our visits to the different centres that the urge in the handloom weavers to produce more on his looms is increasingly being sub-ordinated to the urge for substituting his traditional hand-weaving process by the employment of power. The handloom weavers stick on to the handlooms to make a living so long as there are no alternative employment prospects. In Jabalpur, for instance, we were informed that in spite of efforts made to stimulate handloom activity, the weavers switched over to bidi rolling which was giving a better wage. Such avenues are not however always available. During our visits we observed also that the handloom weavers

and powerloom weavers just produce cloth which they were accustomed to weave traditionally and sell it the same day at the ruling rates. If the handloom sector is to produce the additional cloth required, a programme which would increase both the productivity on the looms and the earnings of the weavers would have to be drawn. A country-wide organisational frame-work with sufficient viability and alertness to take advantage of market demands from time to time in the matter of pattern and quantum of production with effective steps for the supply of raw materials, finance etc. will also be necessary.

12.11. The impact of expansion of power supply and the realisation that the employment of power would enable much higher productivity with correspondingly higher income to the family have naturally created a strong disinclination among the handloom weavers to continue indefinitely in the same traditional occupation of hand-weaving. The substitution of throw shuttle by fly shuttle does not enthuse the weavers when side by side they see weaving by power operation giving a much higher earning with less strain. Even the well-established handloom co-operatives have evinced keen interest in the transition from hand-weaving to power weaving. While we do not discount the possibility of stepping up production to some extent by the handloom industry as it exists today, any large scale augmentation of production could be achieved only by a regulated transition from handlooms to powerlooms.

12.12. We were informed that there has been no significant progress in the installation of looms in textile mills against authorisations made so far. The production by the mill sector has been coming down and the mill sector could at best increase its production only marginally during the remaining period of the Third Plan. We therefore recommend as an immediate measure that a policy announcement should be made that while every assistance would be given to set up additional looms that have been agreed to both in the composite mills and in the spinning mills, no further expansion in loomage in mill sector is contemplated till the end of the Fourth Plan period. This will give a fillip to the decentralised sector to step up its production. We consider that the handloom sector should be enabled to step up its production by the process of installation of powerlooms and accordingly, recommend the installation of 10,000 powerlooms in the handloom sector being started immediately and the looms brought into production as far as possible during the remaining period of the current plan on a priority basis. At the same time, we visualise that the powerlooms including the unauthorised powerlooms which are now existing in this country would stabilise at a lower figure but would be able to maintain the level of production by increased shift working. Overall, therefore, with the installation of these additional powerlooms, during the remaining period of the Third Plan, we envisage the cloth production reaching the level of 8,500 to 8,600 million yards.

12.13. The total financial outlay in the Fourth Plan is likely to be even twice that in the Third Plan and this would no doubt release an increased pressure of demand for cloth which together with the cloth requirement for the increasing population in the country would necessitate a large increase in cloth supplies. But there is a limit

Target for Fourth Plan

tation placed on the possibility of increasing cotton cloth production on account of the limitation of the cotton availability. As already mentioned earlier, the Indian cotton production at the end of the Third Five Year Plan is likely to be a little over 60 lakh bales only. Even with all the efforts which could be made in the Fourth Plan period to step up the production of cotton by improving the yield per acre and bringing in more irrigated area under cotton cultivation and other methods, a rate of an yearly increase of cotton availability of more than 2 lakh bales might not be realisable. We consider that the cotton production in the country may reach a level of a little over 70 lakh bales only by the end of the Fourth Plan under normal conditions. The total cotton cloth production at the end of the Fourth Plan period might reach a level of 10,100 million yards worked out on the basis of availability of cotton. This figure might go up if larger imports are allowed. We recommend that the entire additional cloth production should be earmarked for production by the decentralised sector to give full benefit to the handloom weavers by a phased programme of replacement of handlooms by powerlooms. For obtaining the extra production the number of powerlooms required will be about 60,000. While making this recommendation, we have taken into consideration the possibility of some of the additional loomage capacity authorised in the textile mill sector coming into production during the Fourth Plan period. We are convinced that the overlapping of capacities as between the organised mill sector and the decentralised sector is inevitable and has to be encouraged in order to serve as a cushion to accommodate shortfalls, if any in production, developing from either of the sectors. Any overall excess capacity may be adjusted while in drawing up the succeeding plans.

12.14. The level of cotton cloth production at 10,100 million yards envisaged when applied to an estimated population of 555 millions at the end of the Fourth Plan will equate to a per capita availability of less than 17.00 yards only after making allowance for export. As already mentioned earlier, the large outlay in the Fourth Plan would result in an appreciable upsurge in demand for cloth thus making it necessary for increasing the cloth production in the man-made fibre industry also. The per capita availability of cloth made out of man-made fibre at the end of the Third Plan is estimated at 1.8 yards only. With the advent of petrochemical complexes, we might visualise that the per capita availability would go up to a figure of four yards and concerted efforts would be necessary to realise this increased production of man-made fibres and fabrics. In terms of yardage, the increased production of man-made fibre fabrics in the Fourth Plan would be of the order of 1500 million yards. Allowing for a 20 per cent production by the handlooms and for some of the fabrics being knitted, we consider that we should plan expanding the loomage on the artsilk side by at least 40,000 powerlooms. We have also taken into account the fact that the existing powerlooms in the artsilk side are not being employed on full working on account of the shortage of raw material. When once raw material becomes available, we should expect the existing artsilk powerlooms to step up production substantially. Thus, the total number of additional powerlooms both on artsilk and cotton which may be introduced in the handloom

sector during the Fourth Plan period may be estimated at one lakh looms. We recommend that there should be a phased programme for getting these one lakh powerlooms installed, half in the handloom cooperatives and the other half in the sector outside the co-operative fold. The phased programme should also keep pace with the increase in the supply of cotton yarn and man-made fibre yarn. The phased programme may be as under :—

	Hand- looms in co- operative fold	Hand- loom out- side co- operative fold	Total
1966-67	5,000	Nil	5,000
1967-68	6,000	8,000	14,000
1968-69	10,000	10,000	20,000
1969-70	12,000	15,000	27,000
1970-71	17,000	17,000	34,000
	50,000	50,000	1,00,000

Installation of additional looms in the phased programme as given above may be so regulated as to give a ratio of 6:4 as between cotton and artsilk powerlooms. This ratio, while acting as a guide, in actual practice will have to be varied according to the progress achieved in the additional supply of man-made fibre yarn and the capacity of the handloom sector to absorb the additional powerlooms in the art silk industry. We recommend that the State-wise allocation of the additional powerlooms to be introduced in the handlooms under the co-operative sector and outside may be on the basis of the number of handlooms registered in the different States. The spinning capacity to feed these cotton powerlooms should as far as possible be located round the clusters of powerlooms in the different parts of the country.

12.15. In order to enable economic working of powerlooms, the location of looms should be such that they should be capable of being worked, where necessary, in common sheds with suitable arrangements. The production pattern should be attuned to the yarn supplies from the proximate centres and so adjusted as to avoid undue movement of finished cloth. The total outlay per cotton powerloom including working capital, preparatory machinery and processing facilities is assessed at Rs. 10,000 and for art silk loom Rs. 11,000 to Rs. 12,000. The total outlay would therefore be from Rs. 104 to Rs. 108 crores half of which will require financing by Government.

12.16. Our recommendation to earmark the entire additional supply of cloth to the decentralised sector would result in production by the decentralised sector coming to almost near the level of the production by the textile mills. The question might arise as to whether the allocation of such a large share of production to the decentralised sector which is suffering from certain inherent handicaps and consequent higher production costs would be in the

consumers' interests. The various recommendations we have made in this respect should be taken together in assessing the impact on the consumers. The setting up of a large number of dispersed spinning mills supplying yarn of the required quality to the nearby clusters of powerlooms, facilities for preparatory weaving and processing of powerloom cloth together with the improvements in marketing should have the effect of reducing cost of production and distribution for the powerlooms and improving their competitive ability vis-a-vis the mills. We consider that as an equal partner in the supply of cloth with textile mills, the market prices could be better stabilised as the powerlooms would be able to put into the market cloth of comparable qualities. It may be relevant to mention in this connection that the dominant position occupied by the textile mill sector for the supply of cloth to the consumers in the country has not always helped in stabilising the cloth prices. A study of the behaviour of cotton textile prices since 1948 would reveal that there had been periodical spurts in cloth prices not wholly related to the cost of production and this situation had called for remedial measures from time to time like controls, excise adjustments to mop up profits etc. The entry of the decentralised sector in a big way in the supply of cloth should therefore, serve to exert a healthy influence, to the advantage of the consumers, in addition to the many gains, social and economic, like diffusion of entrepreneurship and mobilisation of capital in the dispersed areas flowing from the decentralisation of industrial activity.

12.17. We would emphasise the point that having restricted the production of the textile mill sector, unless additional weaving capacity is actually set up in the decentralised sector and switched on to production in accordance with the schedule the cloth supply position in the country would become difficult. We have already recommended that a start for the installation of powerlooms in the handloom sector should be made immediately in the Third Plan itself and implemented as far as possible during the remaining period of the plan.

12.18. Even with the phased programmes of introduction of powerlooms in the handloom sector, the handloom sector would continue to play a prominent role for some decades. It will be necessary therefore to ensure that this sector is given assistance by a further reservation of field of production. It has been explained to us that the total production of dhoties by the textile mill industry has been going down. Against 682 million metres of dhoties produced in the year 1952, the present production is of the order of about 330 million metres only. A similar reduction in the manufacture of sarees also has taken place. The total production has declined from 536 million metres in 1952 to about 317 million metres currently. The fall in production of dhoties by the textile mill sector would seem to have been filled mainly by powerlooms. We recommend that the production of dhoties and sarees by the textile mills may be pegged at the 1963 level. We also recommend that the production of coloured sarees should be reserved exclusively for the handlooms. Textile mills and large powerloom establishments are already prohibited from producing these types of

**Further Reser-
vation for
Handlooms**

sarees as a measure of protection to the handloom industry. However, small powerloom units with four looms and below are free to manufacture these sarees. In view of our recommendation to instal powerlooms in the handloom sector in a big way, it will be necessary to take positive measures of increasing the protection offered to those who would still continue to ply the handlooms by preventing production of coloured sarees by the small powerlooms also whether they are in the co-operative fold or outside. The centres which will be principally affected by this restriction are Burhanpur, Malegaon and Jabalpur where such powerlooms are producing these coloured sarees. A change over to the weaving of other than coloured fabrics in these centres should be however preceded by giving facilities to the powerlooms for obtaining yarn in sized beams. We recommend that Government may take all the steps necessary to ensure that adequate facilities to supply sized beams are provided within a period of three years in these centres by setting up sizing units either in the co-operative sector or otherwise so that simultaneously the powerlooms could change over to the weaving of fabrics other than coloured sarees.



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CHAPTER XIII

POWERLOOM IN A SOCIO-ECONOMIC PERSPECTIVE

13.1. During the course of our visits to powerloom centres we studied the various facets of the powerloom industry but one profound impression left on us by our on-the-spot observations and discussions is that powerloom is much more than an instrument of production; it is a symbol of a vast countrywide process of economic transition and techno-social change. Behind it lie deep economic urges of millions of people to break through the coils of poverty, to improve, ever so little, their levels of living and to escalate themselves to a slightly higher social layer. It seemed that a sweating, toiling human mass, menaced by a grim struggle for existence, was in search of an anchor, a stand-by which would help in escaping the drift to hunger and distress. In this search thousands of persons had abandoned their ancestral homes and their traditional occupation of handweaving and migrated to places hundreds of miles away. Savings accumulated by considerable self-denial and supplemented by borrowing at high rates were invested in purchasing or putting together a powerloom. Ownership of a powerloom was to many the key which opened the door to a somewhat less burdensome and dreary life. Employment on a powerloom, even without ownership, yielded in most cases higher earnings than on handloom. Not only the handloom weaver but also the low-paid agricultural labourer, the industrial worker, the refugee, the small trader, the educated young man of the middle class, the cured leper and the physically handicapped were all attracted to powerloom as a source of livelihood. In the process, bonds of occupational caste, personal prejudices and social inhibitions were cast aside. Powerloom was thus, in its own limited role, the usher of a new social order waiting on the old.

13.2. To view the powerloom in socio-economic perspective, it would be useful to recapitulate the main data relating to it and to juxtapose them with the data pertaining to national income. Broadly speaking, fixed investment in a cotton powerloom is of the order of Rs. 3,000 and working capital another Rs. 3,000 and for an artsilk loom the figures are Rs. 4,000 and Rs. 4,500 respectively. It may not be possible for a low-paid worker to accumulate sufficient savings to meet the requirements of both fixed and working capital but if working capital needs can be met by loans from an institutional agency, he may not find it beyond his means to purchase and instal a powerloom. The average earnings of a person working on a cotton powerloom are about Rs. 3 per day; if the worker is also the owner he may earn about Rs. 125-150 per month. On an artsilk and woollen loom the earnings may be as much as 50 per cent higher. In actual fact the average earnings are less than indicated by these figures because the loom may not be worked all the year round or for a full month owing to shortage of yarn and other difficulties. Even so, these figures compare favourably with the average *per capita* income in India of about Rs. 25/- per month.

It is estimated that about 70 per cent of the people in India have a level of consumption lower than the national average and a little more than one-fifth less than half the national average. It is clear that the level of earnings of a powerloom weaver is higher than that of large sections of population, certainly higher than that of the weaker sections of rural society and compares favourably with the average annual national income *per capita* of Rs. 295. This is hardly surprising because powerloom is after all a splintered fragment of organised weaving industry; it more or less retains its productivity wherever it is installed and operated and can bring the wage structure appropriate to it into locations and communities situated away from the overcrowded urban centres of textile mill industry. It can thus help to lever up backward localities and groups to higher wage and income levels, release initiative and enterprise and spark off a process of economic and social change.

13.3. The data in regard to employment on powerlooms are also significant. The employment provided in certain cases may be as much as 2.5 per loom and in others may be as low as 2 per loom on an average working of 1.5 shifts in the country. Thus for 82,000 cotton powerlooms in the different parts of the country on the basis of 1.5 shifts working, the employment provided will range between 1.64 lakhs to 2.10 lakhs which includes the owners and men employed on preparatory, equipment etc. but excludes the employment afforded in the processing of powerloom cloth, distribution and marketing. The employment provided by an art silk powerloom may be assumed at about 2.3 on an average working of 1.75 shifts in the country. For 60,000 art silk powerlooms on the basis of 1.75 shifts working the employment provided would range between 1.40 lakhs to 1.80 lakhs.

13.4. The growth of powerloom industry over the last five or six decades which has been outlined in Chapter II of this report demonstrates clearly how the pace and tempo of technical change is conditioned by the overall advance of the economy. Relevant to each phase of growth of the economy is a certain level of technical advance and a certain rate of technical change. The two are linked by a mutual cause-effect relationship. Until the conditions are ripe for a technical advance or innovation, it does not either occur at all or comes about only slowly; but once the conditions are ripe, the rate of change is rapid and the advance fast, pressures build up and even legislative and administrative measures cannot easily arrest the processes of change. Until a few years after Independence, the growth of powerlooms was on the whole slow and limited, in spite of the fact that neither law nor administration was hostile to them. During the last decade, on the other hand, growth was rapid and, when administration intervened to regulate it, it proceeded in an unauthorised manner and because of the deep economic urges behind it, it was found difficult to curb or regulate it. While it is true that in relation to the mill industry advantages accruing from a favourable fiscal policy stimulated the growth, there can be no doubt that in relation to the handloom industry, the growth was not adventitious or artificial but was based on technical and economic factors. In any case, in viewing the development of powerloom industry in the past and in determining its place in the pattern of overall economic and industrial

growth in future, the basic point to consider is whether the technology which powerloom represents is the appropriate or optimum one in the present phase of national development and should be supported and encouraged without reservation. The Committee has gone into this matter carefully and feels that the considerations given in the following paragraphs should be taken into account in arriving at a conclusion.

13.5. During the three Five Year Plans, considerable economic expansion has taken place and although the rate of growth has slackened in the last two or three years, over a period of thirteen years since 1951, national income has gone up by over 40 per cent and income *per capita* by about 16 per cent. Rate of investment has increased from about 5 per cent to 12 per cent and extensive programmes of development have resulted in increased production and accelerated development. As processes of development have spread out with a multiplier effect and new opportunities of employment have arisen at higher wage levels, inevitably new forces have been set in motion; occupational preferences have begun to change and drift has started towards the more paying occupations and jobs. The disposition to change over from the less remunerative to the more remunerative occupation and from the less productive machine or technology to the more productive one has been too strong to be resisted. The older generation, puzzled and bewildered by the changes and unable to cross over to the new and unfamiliar has vainly tried to find stability by clinging to the old and familiar (instrument, machine, technology or social set up). The younger generation, on the other hand, has been more sensitive to the changes taking place and has perceived more clearly that if the choice is not made quickly, it would go by for ever. The Committee observed during the course of its tours that even the tardy economic progress that had taken place has already posed a choice to the sons of handloom weavers as well as to others and the desire to acquire a powerloom was shared by persons belonging to quite diverse walks of life. New expectations of a minimum level of income and living have been aroused among these sections of population and powerloom seems to offer a fair chance of fulfilling them.

13.6. Apart from the higher earnings which powerloom provides, it has, like handloom and certain other occupations, the merit of enabling the members of the family to live and work together. In a society where family is the unit of social living, the adoption of an instrument which does not disrupt the family has much to commend itself. Powerloom can be installed in the house and since sized beams are used, it does not require large open space for sizing of yarn. The father and adult sons can work on the powerloom and the mother and daughters can engage themselves in reeling and pirn winding and the earnings of all are pooled into family income. The operation of powerloom requires a certain amount of skill but this is acquired with some practice and can be easily transmitted by father to son. Compared to the handloom, there is an upgrading of the skill as well as initiation into the discipline of work imposed by a power driven mechanised contrivance and these are assets both for the individual and the nation.

13.7. Considerations of planning policy, of course, go beyond the questions of higher wages and preservation of the integrity of family life. In describing the approach to planned development, the Second Five year Plan stated :

"..... The task before an underdeveloped country is not merely to get better results within the existing framework of economic and social institutions, but to mould and refashion these so that they contribute effectively to the realisation of wider and deeper social values.

"These values or basic objectives have recently been summed up in the phrase 'socialist pattern of society'. Essentially, this means that the basic criterion for determining lines of advance must not be private profit, but social gain, and that the pattern of development and the structure of socio-economic relations should be so planned that they result not only in appreciable increases in national income and employment but also in greater equality in incomes and wealth..... The benefits of economic development must accrue more and more to the relatively less privileged classes of society, and there should be progressive reduction of the concentration of incomes, wealth and economic power. The problem is to create a milieu in which the small man who has so far had little opportunity of perceiving and participating in the immense possibilities of growth through organised effort is enabled to put in his best in the interests of a higher standard of life for himself and increased prosperity for the country. In the process he rises in economic and social status....."

On the specific objective of preventing concentration of economic power, one of the means to be adopted was described in the Third Year Plan as follows:

"Within the field of activity entrusted to the private sector, the major aim of policy is to ensure broad-based ownership in industry, diffusion of enterprise and liberal facilities for new entrants, and the growth of co-operative organisations.....In licensing new industrial units and sanctioning the expansion of existing units,..... in the greatest measure possible, the entry of new firms should be facilitated and small and medium enterprises and co-operative organisations encouraged".

13.8. In a scheme for diffusion of ownership in society, powerlooms have an obvious role, in as much as they provide opportunities to the small investors to own small production units. They enable the worker and artisan to rise gradually to the position of a small owner earning a modest income.

13.9. In realising the related aim of promoting dispersed growth of small industry in small towns and villages and building up an efficient decentralised industrial sector also, powerlooms can make a distinct contribution. In deciding the over all strategy of development, a major issue to consider is whether industrial growth in general and the development of consumer goods industries in particular should be planned on a decentralised basis. If finally a decision is taken by Government to adopt a policy of decentralised development for consumer goods industries, powerlooms can be an effective instrument for implementing such a policy for the

textile industry. For, given certain facilities and encouragement, powerlooms can meet more easily than several other industries the requirements of widespread dispersal. The first step in this process will naturally be the growth of powerlooms in and around small towns. The programme of development could best be carried out by organising production in small units preferably on family basis supported by common facilities and marketing organised as far as possible on co-operative basis.

13.10. Our considered view is that the scope for setting up powerlooms in the rural areas with a view to providing rural employment and improving the economic condition of the rural population is at present rather limited. In this connection we would like to mention that one of the guiding principles governing the scheme of installation of powerlooms in the handloom co-operative sector was to locate the powerloom units only in rural areas for which purpose even a town with a population upto 30,000 or less was classified as a rural area. The Committee obtained evidence about the implementation of the scheme under which powerlooms had been installed in rural areas. In centres like Burhanpur and Jabalpur where powerlooms were installed in the handloom co-operative societies under the conversion scheme in rural areas, the powerlooms were not found to be working satisfactorily and efforts were therefore made to shift the looms to the nearby towns. On the general question as to the feasibility of working the powerlooms in rural areas the consensus of opinion was that from the point of view of obtaining raw materials in the form of sized beams, technical advice, transport and marketing, etc. the rural areas do not at present offer adequate facilities. The Committee also noticed that unlike the handlooms which could be efficiently worked even in scattered places, powerlooms would require a measure of collective attention by jobbers, mechanics, designers, etc. which would be possible only if the powerlooms are located in clusters. The argument that powerlooms should be in rural areas to provide employment and improve the standard of living of the rural population has not found favour generally in the States. The present set up of the powerloom industry unmistakably shows that powerlooms have tended to grow in and around urban areas, because thereby they obtain facilities of obtaining raw materials easily and sending out the finished products. Attempts for dispersal of the existing powerloom units from the cities and towns to the rural areas would, at this stage, drive them to a position of greater disadvantage and possible extinction.

13.11. While considering the more promising aspects of the development of powerlooms in a socio-economic perspective, it is necessary not to overlook some of the less pleasing aspects. The bulk of the powerloom units consist of four looms and less and are worked mostly by families in their houses.

The Committee observed during their tours that the congestion caused by powerlooms had assumed serious dimensions. With the installation of the machine in the dwelling place and with all the accessories lying about, conditions of housing which were none too good before had deteriorated further. In fact some of the centres of industry presented the picture of an industrial slum. The

wastes of industry littered the streets and the municipal authorities, with their limited resources and other difficulties, were not able to cope with the problems of sanitation. In passing, it may also be mentioned that while the municipalities in powerloom towns derive the bulk of their revenue from octroi on yarn, they do not have sufficient resources to initiate any large programmes of improvement. There is a keen awareness of the problem among those engaged in the industry in some centres and among the suggestions offered is the construction of special industrial estates consisting of sheds intended exclusively for powerlooms. We, however, consider that construction of industrial estates of the type now being established in the country is likely to be an expensive proposition and the rents payable for the sheds may be found burdensome by the powerloom weavers. We suggest the alternative course of establishing common weaving sheds, preferably co-operatively owned.

13.12. Along with congestion must also be mentioned the long hours of work associated with the small units of industry which do not come within the provisions of the Factories Act and other labour laws. The deterrent to long hours where it operates at present is not any system of inspection but inadequate supply of yarn. Apart from long hours, work on powerloom involves continuous and constant attention, in contrast with less hurried and constrained pace which can be maintained in occupations like handloom.

13.13. Even more important than these aspects are the economic relationships, some of them exploitative in character, which arise from the growth of powerloom industry. The powerloom worker, where he is not the owner, is like any other wage worker bargaining for his wages. His wages vary from place to place and with the type of fabric and count of yarn. In the small units, and even over the industry as a whole, it does not appear that workers are being sweated by the owners. A number of small owners are, however, in a weak position in relation to yarn merchants, mill agents and saree merchants on whom they depend for their supplies of yarn and sale of woven goods. The Committee came across cases in which the powerloom owner was no better than a wage worker working for a merchant-middleman who supplied yarn, took back the woven cloth and paid the weaver on piece rates. In a number of cases the mills exercised remote but effective control over the powerloom owners—who were said to be owners only in name—and the woven products were taken over and processed and finished by the mills and sold in mills' name. The merchant-middleman is in a peculiarly strong position in this industry because he provides essential services of yarn supply, finance and marketing and it will not be easy to dispense with or displace him until efficient cooperatives or other agencies take over these functions. For the long-term growth of the industry on a self-reliant basis and on healthy lines, it will be necessary to refashion the structure of many of the existing economic relationships. The steps to be taken to achieve this object have been indicated in our recommendations in the appropriate chapters of this report.

13.14 The future pattern of growth of powerloom industry has to be visualised in the context of the textile industry as a whole.

The future pattern of the textile industry, as envisaged by us, will be :—

I. Decentralised sector—

- (a) handlooms;
- (b) improved handlooms;
- (c) Powerlooms acquired under the conversion scheme;
- (d) small powerloom establishments upto and including thirty-six looms.

II. Large scale sector—

- (a) Textile mills;
- (b) Large powerlooms establishments having over thirty-six looms.

This classification has been suggested by us purely from the point of view of the future organisational pattern and should not be conceived as a classification equating the different items for other purposes like fiscal levy.

13.15. A pattern of growth for the powerloom industry which seems to be feasible would be based on clusters of about 300 powerlooms each—not under one roof but in small units within convenient distance of one another established in and around small towns; fed by yarn from a mill, preferably a cooperative spinning mill; sizing facilities being provided by a cooperatively owned sizing unit; finance being provided by either existing banking institutions or special Powerloom corporations; processing establishments again preferably cooperatively owned; and marketing arrangements (not necessarily cooperative) which do not operate to the detriment of the powerloom weaver. In building up such a pattern, approach should be pragmatic. While a co-operative form of organisation should be promoted wherever it can function successfully, there should be no attempt to fit the industry into a strait-jacket. The governing consideration should be the growth of the industry on sound and healthy lines and for this purpose State assistance, private entrepreneurship, cooperative organisation and even the services of the private financier and merchant should be availed of. There will undoubtedly be overall direction and guidance and also a periodical review to ensure that unhealthy trends do not develop. A different pattern is recommended by those who place much greater emphasis on cooperative organisation. They suggest the establishment of powerlooms only in the cooperative sector and the organisation of the various facilities also entirely on cooperative lines. The Committee feels that in the present stage of development of the powerloom industry the balance of advantage would seem to lie in favour of adopting a flexible approach. The primary aim should be to build the industry on strong foundations and to ensure that costs are kept as competitive as possible.

13.16. The Committee also feels that the pace of growth of the industry will have to be regulated and expansion may have to be suitably phased so as to avoid unemployment among handloom weavers. As we have mentioned earlier in this Chapter, the growth of powerlooms does not inherently pose a menace to the handloom industry because it is the handloom weaver himself who

benefits by acquiring or operating a powerloom. We, however, recognise that in relation to particular local markets and individual items of production, too fast or haphazard growth of powerlooms may upset the position of balance achieved between the two sections of the industry. In such cases the process of transition has to be eased by judicious regulation of the pace and pattern of growth of powerlooms. For another important reason also viz. the availability of yarn, watch will have to be kept over the rate of growth of powerloom industry. We recommend that installation of looms on cotton or art silk without any registration by the Textile Commissioner should be entirely at the risk of the parties who instal the looms and Government should publicise that in the event of looms being installed, no Governmental assistance by way of ensuring supply of yarn etc. should be expected. Further, till such time as the man-made fibre yarn supply in the country catches up and becomes available in sufficient quantities, application for registration of powerlooms to be employed on art silk yarn should be scrutinised by the Textile Commissioner and registration allowed only at his discretion after satisfying himself about the availability of raw materials.

13.17. In suggesting the lines along which development of powerloom industry should be canalised, it is not intended to raise any presumption that powerloom is the instrument of the future or that the entire growth of textile industry in future should be based on powerlooms. All that can be said is that from a study of the phase of economic development through which the country is passing and of the economic, social and technological trends, it appears that transition towards the adoption of powerlooms is natural and should not be resisted. On the other hand, efforts should be directed towards ensuring that this instrument goes into the right hands and is used in a manner which is consistent with the objectives of planned development. We are living through a highly dynamic period of history and technical changes are taking place at a fast rate. It may be that after a certain period, powerloom itself becomes obsolete and another instrument is designed and constructed to take its place. However, looking ahead over a period of the next ten or twelve years, powerlooms are likely to continue to be a part of the country's industrial economy and their growth should be planned as a part of the overall strategy of development.

CHAPTER XIV

FUTURE ROLE OF POWERLOOMS

14.1. In the preceding chapters of this report, we have examined the various aspects of the functioning of the powerlooms in the country, the reasons for their abnormal growth, productivity, employment provided and the place which the powerlooms are currently occupying in the set up and economy of the textile industry. We have also dealt with the other important contributing factor for the growth of the powerlooms viz. the urge of the handloom weavers to take to power as a means to better their lot. The part played in this growth by the various outside elements not normally connected with the powerloom industry to derive fortuitous benefits has also been traced.

14.2. The strength of the cotton powerlooms including the number for which application for registration had been received by the Textile Commissioner's organisation is reported to be of the order of 82,000. We are convinced that some of the powerlooms are not fully working looms. Permits and excise certificates had been sought to be obtained in many cases without the actual existence of the looms on the crucial date. In allocating a regular and steady role for the powerloom industry for meeting the clothing requirements of the country, we have necessarily to take into account all these factors.

14.3. We have recommended that the entire increased requirement of cloth of the country should be allocated to the decentralised sector and for this, have given a phased programme of installation of powerlooms in the handloom sector totalling 1,10,000 powerlooms during the next seven year period. These powerlooms will have to be installed both in the cotton and art silk weaving sectors in the manner suggested by us in this report. Our recommendation for earmarking almost the entire additional requirement of cloth in the remaining two years of the current plan and in the Fourth Plan to the powerlooms to be installed in the handloom sector has been conceived as a programme for the welfare of the handloom weavers. The fear of technological unemployment amongst the existing handloom weavers being caused by the introduction of powerlooms is not real since the powerlooms will be installed in the handloom sector for production of the additional requirement of cloth for the country. The emphasis in the developmental schemes for the handloom industry has so far been largely governed by the overall limitation that handloom should continue to be handloom. We have, however, now come to a stage where, unless as a matter of policy, Government would embark on a large scale scheme of giving the handloom weavers a more efficient instrument of production to improve their lot, the efforts and moneys spent from the Exchequer for the different measures of amelioration of the condition of the weavers would largely be set at naught.

14.4. This brings us to the problem of future Governmental regulations and control over the powerlooms. The nature of control or regulation of the powerloom sector has been carefully examined by us. In the past there have been no inadequacy of controls, rules, orders or powers available to the respective authorities either at the Central or the State levels. Past experience of implementation of these controls however has been disappointing and brought out the futility of such regulations in spite of the best efforts of the authorities. We realise the inherent administrative difficulties involved in regulating the capacity of a widely dispersed decentralised sector like powerlooms or handlooms particularly when the benefits of contravention of the regulations are such as to induce violations on a mass scale. We recommend removal of controls in this respect which by themselves, have proved ineffective and resulted in several malpractices. We however recommend a registration scheme under which powerlooms may be *formally* registered on application to the Textile Commissioner on the payment of a suitable fee. We consider that a fee of Rs. 100 per loom should not prove a hardship to the powerloom owners. In regard to the cases pending with the Textile Commissioner where part payment for registration had been received, arrear payment would automatically be required to be collected before registration is made valid. The objective of registration should be not only to enable the authorities to keep statistical track of the powerlooms but also to serve as a basis for regulating and channelising measures of assistance for the supply of raw material etc., wherever such assistance is possible and needed. We would also recommend that registration in future should be allowed after inspection of the premises only if new or reconditioned looms technically certified as fit are installed. There should be a simultaneous action to ensure that the old looms discarded by mills which are found unserviceable, are scrapped effectively. We also believe that if a watchful eye is kept on the disparities in the fiscal levies between excise free small powerlooms and bigger sized powerlooms and as between powerlooms and mills and timely action is taken to adjust them properly, the clamour for powerlooms would subside and the future growth will be mostly confined to the expansion in the manner envisaged in this report.

14.5. We have separately recommended that looms employed on the weaving of ribbons, tapes, labels etc. whether on cotton or art silk may be allowed to be registered as one group without any restrictions as to the types of yarn used. Both in the case of cotton and art silk cloth powerlooms the owners would not be compelled to apply for registration under any statute. While in the case of cotton looms application for registration when made will be admitted and registered as a formal measure on payment of a fee as prescribed, the Textile Commissioner may be given the discretion to refuse registration in the case of art silk looms depending on the supply position of art silk yarn which as already explained in this report, is in short supply. So also conversion of cotton looms into art silk looms may be allowed to be registered only at the discretion of the Textile Commissioner.

14.6. So long as the raw material supply for the woollen industry continues to be tight which will be the position for some years to come, there is a need for effective control and regulation over the

installation of woollen powerlooms in the country. In this respect, we would make a distinction between the other types of powerlooms and woollen powerlooms. The woollen powerloom industry is almost concentrated in Amritsar. The capital employed on a woollen powerloom is much more than that on cotton or art silk looms. The existing controls and other regulations for the installation and working of woollen powerlooms may therefore be continued and their administration and implementation made more effective.

14.7. We recognise the difficulties in obtaining continuous statistical data from such a widely dispersed sector like handlooms and powerlooms. We have been informed that, at present, the performance of the handlooms in regard to production, stocks, etc. is being assessed employing the statistical sampling methods. In addition, the assessment of the effect of particular developmental schemes like housing colonies for weavers, installation of processing equipment etc. is being done by means of special evaluation studies by the Textile Commissioner. We attach great importance to the collection of comprehensive data and timely preparation and dissemination of statistical and economic intelligence. We consider that the scope of the studies at present undertaken should be expanded to cover powerlooms also, if need be, by adequate strengthening of the staff dealing with these aspects in the Textile Commissioner's organisation. The results of studies should be widely published for the information of all concerned and timely remedial action should be taken wherever particular schemes are found, in actual working, to be defective.

14.8. As registration of powerlooms will be freely allowed and will not also be compulsory it will be necessary to introduce a biennial census of powerlooms and handlooms to enable collection of relevant data.

14.9. We have in different places in the previous chapters recommended measures of assistance to be provided for the efficient working of the decentralised sector on the lines envisaged by us. We envisage that the direct financial assistance by Government will be for the powerlooms introduced in the co-operative fold of the handloom weavers. Other measures of Governmental assistance such as arrangements for service facilities, arrangements for institutional financing, overall arrangements for regulated supplies of available raw materials, spare parts etc. may have to cover also the looms installed in the handloom sector outside the co-operative fold. On the basis of the assessment already made in this report, the amount of finance required including working finance per loom would be Rs. 10,000 for cotton and about Rs. 12,000 for art silk looms. While we generally agree with the pattern of assistance adopted for the conversion of handlooms into powerlooms under the old scheme, we suggest that the conditions for installation of the looms should be modified in terms of our recommendations and the working capital provided should also be suitably increased. We also recommend that in regard to the looms already installed under the conversion scheme, the amount of working capital should be raised as recommended in this report.

14.10. To sum up, the various measures of governmental assistance in the manner already discussed in the earlier chapters of this report would cover, with due regard to available resources, the continuation

of assistance to the handlooms and honouring of existing commitments, the execution of the conversion scheme already sanctioned, provision of common facilities for the existing powerlooms on a cooperative basis, rehabilitation of the existing powerlooms, further expansion of powerlooms in the handloom cooperatives, with adequate provision of pre-weaving and post-weaving facilities.

14.11. A decentralised and dispersed industry can be geared to larger production only by concerted and co-ordinated efforts by all those intimately connected with the industry whether it be the weavers themselves or the ancillary workers or those who take part in the marketing of the products. We have laid emphasis on co-operative organisation and have also provided for adequate scope for private entrepreneurs to play their part. It will be necessary to co-ordinate the efforts and offer timely guidance and assistance, keep a constant watch so as to ensure that the expected cloth production is actually realised. All these would throw up problems of local and/or All India character. These problems would require to be solved by an apex body at the centre which could assess the problems in an integrated way and remove bottlenecks and be responsible for the successful implementation of the schemes and produce results. The activities of this body should embrace the entire decentralised sector namely the existing handlooms both within and outside the co-operative fold, the existing powerlooms including those set up under the Governmental scheme of conversion of handlooms into powerlooms and the powerlooms which are to be installed in the remaining period of the current Plan and in the Fourth Plan period. The existing organisation which looks after the interests of the handlooms is the All India Handloom Board. But there is no organisation which looks after the interests of the large number of powerlooms which are at present existing in the country. The main reason for this is that a large majority of the powerlooms themselves have grown in size only in the recent years and in an unlawful manner. On the implementation of our recommendations, these powerlooms will be entitled to continue to work and be registered by Government. We have taken the production by these looms into account in framing our recommendations on "Targets". It therefore becomes necessary that the problems of these looms should also receive due attention and the facilities necessary for them to play their part should be extended. The pattern of growth in future envisaged in our report would mean that the handloom weavers themselves will become powerloom weavers, and thus a fusion would take place of both the handloom and powerloom sectors. This process would necessarily mean that the conflicting interests as between the powerlooms and handlooms witnessed in the past would fade away and it will be necessary to create the proper atmosphere for this purpose. Already the All India Handloom Board is looking after the problems of the handlooms and handloom weavers in the country and this body has also rightly been made responsible for implementation of what is generally called the conversion scheme of replacement of handlooms by powerlooms in the handloom co-operatives. We consider that, in order to make this transformation of handlooms to powerlooms take place effectively and in a meaningful and satisfying manner, this central body should be made responsible for the implementation of the scheme of replacing the handlooms by powerlooms as recommended by us as also the task of ensuring that the handlooms and the existing powerlooms

maintain and improve their production. As bulk of the production would have to come out of the handloom and powerlooms outside the co-operative fold, the functions of the Board will have to be suitably enlarged to ensure that the problems are properly ascertained and attended to. In the ultimate analysis, the objective aimed at in our report is to obtain the required production from the decentralised sector and any failure to do so, will cause serious repercussions in the economy of the country. Adequate number of accredited representatives of the powerloom industry should, therefore, be included in the Board and the Board itself should have separate standing committees to deal with the day to day problems of powerlooms and handlooms. The functions of the Board should cover:—

- (1) Initiating and implementing the schemes for assisting and developing the handloom industry.
- (2) Implementing the schemes already sanctioned for conversion of handlooms into powerlooms.
- (3) Ascertainment of the problems and difficulties of the powerlooms already existing in the country (both cotton and non-cotton) from time to time and formulating schemes for remedying them.
- (4) Implementing the programme of replacement of handlooms by powerlooms to ensure that the powerlooms so set up actually get into production and yield the required quantum of cloth.
- (5) Acting in close liaison with the Textile Commissioner for solving problems relating to the availability of raw material, looms, spare parts etc.
- (6) Assuming overall responsibility for the performance of the entire decentralised sector including woollen and art silk weaving sector in the matter of meeting the cloth requirements of the country to the extent earmarked for it.

14.12. At present the All India Handloom Board is an advisory body and we understand that the executive functions including implementation of schemes and channelising of funds vest with the State Governments. It has been represented to us that the money provided for the handloom developmental schemes by the Government of India is in some cases not utilised in full for the purpose but diverted in some States for other purposes. We consider that, in the context of the recommendations in our report and the need for placing responsibility squarely on a single body for the successful implementation of the recommendations and for the realisation of the cloth production allotted to the decentralised sector, the All India Handloom Board should function as more than an advisory body and take on full executive functions and responsibilities. It will however be necessary for this central body to utilise the agency of the State Governments, but the ultimate responsibility should rest with this body. We therefore recommend that the All India Handloom Board should be made into a statutory body and charged with all the above functions and responsibilities and provided with the required funds

so as to be able to work with a budget of its own. In consultation with this body, the State Governments should work out the organisational set up at the States' level for the purpose of successful implementation of the schemes relating to each State.

14.13. In the light of the importance of the role which the decentralised sector has to play in the supply of cloth for the needs of the country in future, our recommendations on the various aspects should be considered in toto and implemented in an integrated manner.

14.14. We have been able to arrive at practically unanimous agreement on these recommendations. Shri A. R. Bhat, one of our members, has not however found it possible to agree with our findings and conclusions on the economics of working of the cotton powerloom sector. While agreeing with our recommendations on the excise pattern in the powerloom sector, Shri Bhat has made some further observations in his note which, however, do not detract from the main recommendations.



Sd/-
(Asoka Mehta)
Chairman

Sd/-
*(A. R. Bhat)
Member

Sd/-
(G. K. Devarajulu)
Member

Sd/-
(Nawab Syed Aizaz Rasool)
Member

*Subject to my
note of dissent
and Explanation.

Sd/-
(D. K. Malhotra)
Member

Sd/-
(M. Somappa)
Member

Sd/-
(K. R. Aravamuthan)
Member-Secretary.

New Delhi,
Sunday, dated
the 24th May 1964.

*Powerloom Enquiry Committee :***NOTE OF DISSENT & EXPLANATION BY SHRI A. R. BHAT**

While in all other matters, the conclusions arrived at by the Committee are unanimous, I regret it has not been possible for me to agree to the treatment of 'Economics of Working of Cotton Powerlooms' in the Report. My objection is fundamental. It relates to the Methodology adopted by the Committee both in respect of the collection of data and the calculation of the disability suffered by cotton powerlooms vis-a-vis the composite mills.

Methodology :

As regards the collection of data, no scientific method has been adopted. For dealing with the economics of working of cotton powerlooms it was necessary to collect the data on a stratified random sample basis. As has been shown in the Report, there are as many as 70,702 authorised cotton powerlooms in the country. A population list of such powerlooms could have been available from the Office of the Textile Commissioner and it would have been easily possible to draw from it stratified random samples and collect statistical and costing data about them. If this was considered to be a time consuming task, the method of case study which has its own discipline could have been used with advantage. But neither of the methods has been adopted with the result that the data presented in the Report is erratic. The Study Teams which were sent round the important centres of powerlooms, did their best to collect background material but their reports could hardly be taken as the basis for arriving at statistical results relating to such a vital matter as the economics of working of cotton powerlooms. At best, the statistics in the Study Team's notes could be treated as illustrative but no valid inferences could be drawn.

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Composite Mills' Cost of Production :

2. An attempt has been made to arrive at the handicaps suffered by cotton powerlooms vis-a-vis the composite mills. So far as the mills' costs are concerned, neither the Committee collected its own data nor was the Report of the Tariff Commission, which went into the cost of production of the mills and submitted its report long ago, made available to the Committee. The majority has contented itself by saying, "Comparative mill costs generally follow the usual working adopted in fixing fair ex-mill prices for cloth and as far as possible the nearest comparable varieties have been taken for this purpose". In my view, the calculation of the comparative handicap very much suffers from this deficiency.

HANDICAPS*Purpose :*

3. Let aside the fundamental drawback in the collection of data; even the conclusions drawn from the data collected in regard to the

handicaps suffered by the powerloom sector vis-a-vis the mills, are arbitrary. There is a definite purpose in working out a handicap, which is to help determine the difference which should be maintained in the burden of excise levy on the powerloom sector on the one hand and the composite mills on the other. Therefore, the handicaps suffered by the powerlooms vis-a-vis the mills as also the advantage which they have over the mills, should be so arrived at that all the powerloom units excepting the submarginal ones could function economically.

Yarn :

4. So far as the handicaps expressed as percentage over the mills' cost for yarn, whether based on yarn market prices or on cost analysis given in the Report are concerned, they are spread over a wide range. The Report states,

	Based on yarn market price	Based on cost analysis
Coarse and Lower Medium upto 26s	17.4 to 28.6	17 to 27%
Higher Medium 26s to 34s	14.6 to 42.9	19 to 32%
Fine from 35s to 47s	17.9 to 30.3	16 to 25%
Superfine 48s and above	17.9 to 40.7	17 to 33%

It has been further stated "the two approaches reveal a common trend"! It is not correct. They show a common trend so far as coarse and lower medium counts upto 26s and Fine counts from 35s to 47s are concerned. But in respect of other two count groups, the trend differs very much.

5. From this data the Report proceeds to derive percentage handicaps in respect of yarn stating, "We consider that purely for purpose of assessment of the handicap suffered by the 'powerlooms' in general", the following percentages may be taken as realistic indicators:

Yarn counts of and below 26s (Lower Medium)	23 per cent
Yarn counts 26s to 34s (Higher Medium)	28 per cent
Yarn counts 35s to 47s (Fine)	21 per cent
Yarn counts 48s and above (superfine)	25 per cent

Since the major number of powerlooms are on superfine counts the demand for that yarn is the highest and due to paucity of imported long staple cotton, the supply is prone to fall short of demand. The handicap regarding these counts must be the highest but the same is put lower than higher medium counts! It is not explained as to how these indicators have been arrived at. They are quite arbitrary. They are not reliable as a guide for the purpose in view and in so far as they turn out to be underestimates of the real handicaps they would work to the detriment of a large number of powerloom units, which though not sub-marginal, have a larger handicap percentage than the one indicated because of their purchases of yarn at higher prices in normal course of business.

Miscellaneous Expenses :

6. Similar considerations hold good in respect of the handicap suffered by powerlooms in respect of the expenditure on power and fuel, stores and spare parts, depreciation, sundry expenses and overheads. The Report states that this element constitutes nearly the same percentage in the total cost of production of mills as well as powerlooms. It is difficult to understand this. To illustrate I may refer to power and fuel. The mills pay at high tension rates for power whereas powerlooms pay at low tension rates. Moreover, there are some powerlooms which are working on oil engines where the cost of power is as high as 31 np. per unit. But in the report it has been shown that the power and fuel cost per metre for the mills is 1.78 np. while the one for powerlooms is 1.55 np.!

Wages :

7. In respect of wages, the advantage which the cotton powerlooms have over the mills has been calculated on the basis of a weighted average for the former. Data collected under three important heads for the calculation of the weighted average wage, viz. hours of work, shifts worked and amount of monthly wages, is vague. Out of 16 cities and towns for which wage data are given, for as many as 12 places, it is expressed as a range. Even this range is very wide in respect of such important centres of powerlooms as Malegaon, Ichalkaranji, Bhiwandi and Calcutta. Then again, the monthly wage of a worker in Bombay City which has been shown as Rs. 100 is low. Bombay is a very important centre of the organised cotton textile industry and it stands to reason that there would be some parity between the wages of weavers employed in the composite mills and in powerloom establishments. So far as the shifts worked are concerned their definite number has been mentioned townwise. For four Centres viz. Ichalkaranji, Coimbatore and other centres in Madras State, Calcutta and Bhiwandi, it has been shown as three shifts which again is not correct. For three centres, viz. Malegaon, Sholapur and Burhanpur, the duration of shifts is expressed as a range.

8. In the Maharashtra State where some 60% of powerlooms are situated, the Shops and Establishments Act is applicable to small powerloom establishments not governed by the Factories Act. This Act prescribes an eight hours working day. Even if some such small establishments in Maharashtra or at other places where there is no regulation, work more than eight hours, it is physically impossible for any worker to work for 12 hours at a stretch. In Maharashtra, the Government had carried out a survey of employment and wages in the Handloom/Powerloom Industry in 1961 which revealed that about 30% of the looms worked in shifts of more than eight hours. The survey found that in powerlooms majority of establishments gave rest intervals of $\frac{1}{2}$ to $1\frac{1}{2}$ hours.

9. It can be easily calculated from the data presented in the Report that as many as 70% of powerlooms provide monthly wages of Rs. 100 or more. With thoroughly imperfect data the weighted average has been calculated at Rs. 86.50 and it has been stated in the Report that the average monthly wage of a mill worker is Rs. 175, and, therefore, "Overall, the wage element in the cost of production of the powerlooms may be assumed at round about 50 per cent of the cost of the mills, even allowing for the lower productivity on the power-

looms". As I have said above, a large number of powerlooms pay a much higher wage than the so-called weighted average wage mentioned in the Report. Therefore, such powerlooms, though efficient, would be the sufferers because in fact they would not have an advantage of 50% in respect of wages as alleged in the Report.

DISSENT

10. In the report the net handicap of powerlooms v's-a-vis the composite mills has been placed at about 18%. I consider it unrealistic, based as it is on haphazard data, and also purposeless as its calculation is arbitrary. It is again on a low side. If it is adopted as a criterion to determine the reasonable difference that should be maintained between the burden of excise levy on powerlooms and composite mills it would prove ruinous to the powerloom sector.

11. Further since the handicaps in respect of yarn of different count groups vary and even the excise levy is count group-wise, it would be only proper to work the handicap separately for each count group.

12. One important thing about the handicap. It is a changing phenomenon and any handicap is good for a particular period only, as the principal factor of the cost production, namely, the prices of yarns change over a period.

PATTERN OF EXCISE LEVY

Unanimous Recommendation: Amplification

13. As regards the pattern of excise levy on powerloom cloth, the Committee has unanimously stated that it does not consider that the "slab system" applicable to establishments with 49 looms or less and the system of levying excise duty as a percentage of standard rate on units with 50 or more powerlooms should continue. It has, therefore, recommended its complete abolition and shifting of incidence as a higher duty at the two key points—yarn and processing. In my view, this reform in the pattern of levy of excise duty on powerlooms is really the fulcrum of the scheme which the Committee has recommended for the healthy growth of the cotton powerloom industry on sound lines. Unless it is implemented in toto, the unstable condition in the industry would continue to pervade it, making any progress on sound lines impossible. Further, if the present system is continued in one form or another it would leave scope for harassment and corruption.

Slab-System Consequences :

14. So long as there is an excise levy at compounded rates on a slab system for units with 49 powerlooms and less and at a percentage of the standard rate on units with 50 or more powerlooms, the Central Excise Officials would be inclined to suspect that master-weavers, intermediaries or financiers were employing cottage and small units and thereby evading payment of duty. Therefore, at no stage could it be certified that the powerloom cloth produced from an establishment or factory had paid its due excise duty. The banks, therefore, are reluctant to make advances against powerloom cloth. Even the bonafide merchant is not very willing to make purchases of cloth produced by cottage and small units at proper prices. This in its

turn has dried up the finances needed for working capital by cottage units. Further, it has depressed the gross earnings of the entrepreneurs as also wages of workers.

Definition of 'Manufacturer' :

15. The Mahratta Chamber of Commerce & Industries, Poona, in its memorandum submitted to the Committee has brought to its notice that all attempts at getting a definite clarification from the Central Excise Authorities as to what constituted trading activity as against manufacturing activity within the implication of the phrase "manufactured by or on behalf of the same person" or in the expression "any process incidental and ancillary to the completion of manufactured product" have failed. The Chamber in its memorandum has quoted the relevant correspondence on the subject which it had with the Finance Ministry in 1958. The Government has refused to commit itself to any definite view.

16. As late as in November 1963, the Finance Minister, India, wrote to the President of the Federation of Associations of Small Industries of India, "If a commodity which bears a tax is issued from factory or is received from a foreign country without payment of duty, it is liable to be seized wherever found, whether in the custody of the original smuggler or in the hands of bonafide dealer. To detain goods for realisation of duty is one of the normal methods provided for dealing with the cases of evasion of indirect taxation. Hence, no satisfactory method to safeguard in all cases the interests of a bonafide merchant can be evolved." He has also stated that it is administratively not possible to certify that the cloth produced or issued from units with four or less powerlooms does not invite levy of excise duty.

Penal Levy : Its nature

17. The implementation of the unanimous recommendation of the Committee would also end the injustice that is being done to the cotton powerloom industry by the present provision that whenever a person acquired a loom for the first time on or after 1st April, 1961 by purchasing it from other parties who had a licence to work powerlooms, excise levy is made payable at the normal rates applicable to the respective slabs plus an additional levy of 25%. This unfairly penalises even the legitimate sale of existing authorised powerlooms necessitated by circumstances beyond the control of a proprietor such as loss in business or fragmentation inevitable on the dissolution of a partnership or death of a proprietor.

Unit size : Cost of production :

18. There is another reason why the excise duty should not be related to the size of a powerloom unit. There is hardly any difference in the cost of production of cloth upto grey stage whether it is produced in cottage units or bigger units. This has been aptly borne out by Table I in Annexure F to the Report of the Fact Finding Committee on Powerloom Industry in the State of Maharashtra, 1962, which gives the cost structure of powerloom industry. There are, of course, certain advantages accruing to units of bigger sizes. They are due to economy in overheads, advantage in sales promotion etc.

which yield better earnings. But this is no justification for a differential excise levy on a slab system. It is the function of income-tax to mop up the profits earned by better placed units for the treasury. The functions of income-tax and excise duty should not be mixed up. This has been accepted by the Finance Ministry in the case of art silk powerlooms by abolishing the slab system and shifting the incidence of excise duty at the two key points, viz. yarn and processing. There is, therefore, no reason why the Government should not adopt the same practice in respect of cotton powerloom industry.

Excise Levy : Influence on Pattern of Production :

19. A reference has already been made in the Report to the fact that in view of the shortage of foreign exchange it would be difficult to satisfy the demand for yarn of Superfine counts needed by the decentralised sector. This, therefore, makes it incumbent that there should be a disincentive for the decentralised sector to go in for Superfine Counts. As has already been recommended by the Committee, "Excise levy has to be employed as a means for realising certain developmental objectives". I strongly feel that the pattern of excise levy on cotton yarn should be such that the decentralised sector would find it sufficiently profitable and attractive to weave yarns of counts for the production of which raw material is indigenously available.

POONA, 4-6-1964.

A. R. BHAT



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SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

(1) The handloom industry is the oldest industry in the country. From the point of view of its size and the number of persons depending on it, the industry ranks only next to agriculture. (Para 2.9).

(2) The organisation of the weavers on co-operative basis formed the fulcrum in the implementation of the different developmental schemes for the handloom industry. (Para 2.10).

(3) The organisation of weavers in the co-operative fold, construction of housing colonies to facilitate working of handlooms in the weavers' own cottages and other various measures of assistance were devised so as to preserve this household and cottage character and develop the industry to give the weavers better earnings. (Para 2.13).

(4) The various measures implemented by the Government of India for developing the handloom industry had no doubt the effect of stabilising the industry and instilling in the minds of weavers a sense of confidence. (Para 2.16).

(5) The bringing in of a large number of weavers in the co-operative fold with its attendant element of loyalty to the institution was the main factor which contributed to the organisational stability to such an extent that quite apart from other aspects, the tendency has been for the handloom weavers to expect establishment of co-operative spinning mills exclusively for their benefit for the supply of yarn of the desired counts. (Para 2.16).

(6) The total capital employed in the handloom sector on cotton yarn may be assessed at Rs. 100 to Rs. 110 crores, (Para 2.18).

(7) The inducements for the establishment and development of powerlooms till 1955 were of the normal kind which operated in many small industries. There is no doubt that the powerlooms had, by then, come to occupy a place, though not a very significant one, in the textile industry consisting of the textile mill sector on the one hand and the large multitude of handlooms on the other. (Para 2.34).

(8) It will be correct to state that the order of growth has been chronologically the handlooms, textile mills and powerlooms. The increase in and the geographical spread of supply of electric power together with the availability of looms discarded from the mills provided a strong base for the growth of powerlooms in certain centres. The facility to improve one's earnings by switching over from handlooms to power-operated looms involving only a relatively small capital investment naturally induced a number of better placed handloom weavers to set up powerlooms. (Para 2.35).

(9) The part played by the private entrepreneurs, the mill workers thrown out of job having the necessary technical know-how, the availability of secondhand powerlooms on account of mill closures and replacements of looms by mills, the availability of electric power covering wider areas, a sense of ownership of a better, cheaper, quicker and easier method of weaving by employing power, the local initiative and encouragement for setting up of powerlooms, instilling a sense of gradual but increasing participation in the industrial development in the areas and above all the urge of the handloom weavers to employ power to better their standard of living and for lessening the strain of work—together with the scope provided by the increasing demand for cloth in the country on the pegging of loomage in the mills,—all these contributed to the steady growth of powerlooms in the different parts of the country till it reached a total strength of about 27,000 by 1956. (Para 2.35).

(10) The policy of the Government to peg the weaving capacity of the textile mills and the deliberate policy of not allowing expansion in the powerloom side also except to the extent provided for in the Second Five Year Plan for replacement of handlooms by powerlooms in the co-operative fold automatically put a seal on both expansion and addition to the large powerloom factories. This did not, however, quell the increasing urge on the part of the weavers in the country to switch over to power-operation to earn more. (Para 2.35).

(11) The growth of powerlooms in the recent years has been very rapid and phenomenal. Induced by certain extraneous factors of which excise levy formed the most attractive, even outsiders stepped into the field solely to derive the benefits of excise exemption. A large number of powerlooms were thus set up in an unauthorised manner. A number of intermediaries and even textile mills induced the handloom weavers as also others not in the weaving profession to set up powerlooms in large numbers. They provided all the required financial and other measures of assistance as a purely business proposition. Recourse to scrapped looms from mills by itself could not meet this upsurge in demand and this, in turn, encouraged local technical talent and skill to set up small workshops for fabrication on assembling of looms adopting ingenious methods and improvisations. Almost the entire growth of powerlooms in the recent years being in contravention of law, the ancillary activity of fabrication, repairs, assembling of looms, etc., in small workshops with local talent and skill also necessarily assumed the form of unauthorised growth. There is no doubt, however, that the owners of the looms who acquired and installed them by straight or surreptitious means were prompted to do so in the hope of using them for a living. The social, economic employment and other factors are very relevant in the consideration of the problem of unauthorised growth of powerlooms. (Para 2.36).

(12) Broadly, the structure of the powerloom sector as it exists now should be considered as consisting predominantly of small units of four looms and less with a bare 5 per cent accounted for by large units coming under the Industries (Development and Regulation) Act, 1951 and another 5 per cent in the mid segment of five looms and above not coming under this Act. (Para 2.40).

(13) In regard to the small units of four looms and below, master weavers, intermediaries and in some cases, even textile mills are reported to have set up powerlooms on *benami* basis. The extent of such fictitious ownership is difficult to measure but from what the Committee could gather from knowledgeable sources, it may be put at not more than 25 per cent. (Para 2.41).

(14) The picture that emerges from a study of the various phases of the textile industry is one of virtual stagnation of the mill weaving capacity and activities accompanied by a marked expansion and intensification in the activities of the decentralised sector of the textile industry comprising powerlooms and handlooms. In this intensification of activities of the decentralised sector, the spinning section of the textile mill industry has no doubt played a significant part. (Para 2.44).

(15) It was represented to us that while Government had been solicitous in regularising the unauthorised powerlooms, persons who had previously applied to the Textile Commissioner for setting up powerlooms and, as law abiding citizens, did not instal powerlooms without permission, were not given the opportunity to instal looms in preference to those who had installed the looms in contravention of law. There is force in this contention. (Para 3.11).

(16) The executive instructions for scrapping of looms and rendering them unsuitable did not have the desired effect either because the dismantlement or scrapping was not in all cases done with a scrupulous adherence to the instructions or because of the fact that the indigenous technical skill and practical workmanship of the artisan were so excellent that it was not beyond their capacity to make good the deficiencies in the looms dismantled. (Para 3.20).

(17) Wherever powerlooms have come up, almost the entire community in those areas, turned to the powerlooms for livelihood and, therefore, there have been no large scale complaints. (Para. 3.22).

(18) We are convinced that as a practical proposition, it would be difficult, if not impossible to depend purely on power connections either to assess the number of powerlooms or restrict their growth. (Para 3.24).

(19) The All India policy relating to control or regulation of powerlooms did not have that much of effective and practical follow-up and support which it should have had from the State Governments concerned. (Para 3.25).

(20) Of the present supply of yarn to the internal market of about 316 million kgs. per year almost fortyfive per cent is supplied by composite mills and fiftyfive per cent by spinning mills in the country. (Para 4.5).

(21) The assumption that 90 per cent of the total yarn availability as representing the consumption by the handlooms and powerlooms taken together, would, in our opinion, still hold good. (Para 4.8).

(22) On the existing conditions, the pattern of yarn consumption may be revised in round figures to 68% by handlooms, 22% by powerlooms and 10% by hosiery, rope making, etc. (Para 4.8).

(23) The average count of yarn spun by spinning mills was 27.5 in 1959 and this is reported to have gone up to 29.4 in 1962 while in the case of composite mills, the corresponding increase during the same period is reported to be from 24.3 to 25.1 (Para 4.9).

(24) We consider that both these sectors (handlooms and powerlooms) should draw their yarn supplies from a common pool. A compartmentalisation would unduly restrict flexibility in supplies and manufacture. In the future set-up, as envisaged by us, the replacement of handlooms by powerlooms will assume considerable importance and it would not be proper, therefore, to earmark spinning mills exclusively for either the handlooms or the powerlooms. (Para 4.10).

(25) We recommend that irrespective of any other regulations there should be a strict control exercised on the quality of yarn made available by the textile mill industry for handlooms and powerlooms and suitable quality standards fixed for warp and weft yarn with appropriate price for each. (Para 4.14).

(26) It is apparent that, under the existing level of availability of yarn, the unauthorised powerlooms which have come up in the recent years cannot work to their full capacity. (Para 4.15).

(27) As Indian cotton would still be largely of short and medium staples only, there is no doubt that almost the entire additional production of cloth which could be envisaged for the next two or three Plan periods, should be of coarse and medium categories only. There is, therefore, a need both from the short and long term points of view to impress on the textile mill industry as also the powerlooms and handlooms to adjust their pattern of production with a greater emphasis on the manufacture of medium varieties of cloth. (Para 4.16).

(28) It is desirable that powerloom owners should be enabled to market their cloth direct so as to derive the full benefit arising from the sale of processed cloth. Processing factories should therefore be established in the different centres in the country. These processing establishments may preferably be on co-operative lines, but we do not rule out such facilities being provided by private entrepreneurs. (Para 5.1).

(29) It is clear that the existing set up of processing establishments in the country is not aligned with the geographical distribution of powerlooms. It was also explained that there was an overall shortage in the facilities available for appropriate processing of powerloom cloth. (Para 5.1).

(30) We recommend that the processing capacity in the textile mills should in future be allowed to be expanded purely on the basis of the textile mill sector's own requirements. In addition, in a

period of three years, on a phased programme, the present permission to mills to process outside cloth may be discontinued. (Para 5.2).

(31) We consider that the spread of electricity to wider areas would inevitably lead to the substitution of manual processes by mechanised processes and this evolution has got to be recognised. We have therefore provided for mechanised pre-weaving facilities being organised and integrated with the set up of the powerlooms in different centres. (Para 5.3).

(32) We recommend that the common service facilities should be capable of being utilised by handlooms and powerlooms both within and outside the co-operative fold. Wherever possible, such facilities should also be utilised by the art silk weaving sector. (Para 5.4).

(33) The total investment required for one powerloom with the proportionate investment on the preparatory processes etc. and for working capital would be about Rs. 8,700. If separate accommodation to instal the looms has to be provided the total investment will be about Rs. 10,000. (Para 5.5).

(34) The total investment in the cotton powerloom sector at current prices could be estimated at about Rs. 18 crores. (Para 5.6).

(35) The capital cost of replacement of 70,000 powerlooms spread over the next 10 to 12 years at current prices would involve an investment of Rs. 21 crores for looms only and a similar amount would be needed for ancillary, preparatory and processing facilities. The aggregate estimate for rehabilitation of the cotton powerloom industry spread over the next 10 to 12 years may, therefore, be placed at about Rs. 40 to 42 crores. (Para 5.7).

(36) Our enquiries have revealed that almost the entire capital for the purchase of looms has been found by the loom owners themselves and in many cases by selling jewellery, mortgaging property, etc. In a number of cases, the more prosperous handloom weavers have been able to find finance from their own resources. In the case of *benami* ownership, intermediaries and even textile mills are reported to have financed the setting up of looms. For obtaining finance for working capital generally the powerloom weavers are found to be virtually in the grip of cloth merchants and money-lenders. (Para 5.8).

(37) We would lay considerable emphasis on the importance of adequate working finance for the proper functioning of the powerloom industry in the country. In the light of the important role which the decentralised sector will have to assume in supplying the clothing needs of the country in future, all efforts should be made to ensure that the powerlooms obtain necessary finance at fair rates of interest. The State Finance Corporations, Government loans under the State Aid to Industries Act and commercial banks, particularly the State Bank of India, may have to step in in a big way to fill the gap. The resources of these financing institutions may have to be adequately augmented in order to make them take up these responsibilities. (Para 5.10).

(38) The growth of the powerlooms in the recent past having been haphazard and almost wholly in contravention of law, there has not been any regulated development in so far as marketing activity is concerned. (Para 5.11).

(39) The vicissitudes in the textile mill cloth market have their immediate reactions on the powerloom cloth as the textile mill cloth rules the market. The trade representatives explained to us that, other factors remaining the same, there is a consumers' bias against powerloom cloth which depresses its price *vis-a-vis* the mill cloth of the same variety and answering the same quality and description. It was stated that, as compared with the mill cloth of identical quality and description, powerloom cloth would fetch a price 10 to 12 per cent less in the market. (Para 5.11).

(40) We recommend the formation of co-operative marketing institutions for the powerlooms in the different centres. (Para 5.11).

(41) The scheme sanctioned during the Second Plan period for the installation of powerlooms in the handloom co-operative fold did not meet with full success not because the weavers did not take to the scheme with enthusiasm but mainly because of insufficient financial assistance provided for working capital, imposition of condition for allowing the powerlooms in the handloom co-operatives in rural areas with population less than 30,000 absence of simultaneous arrangement for providing pre-weaving facilities and post-weaving finishing arrangements and absence of arrangements to ensure that in the allocation of looms in the co-operatives, the benefits arising therefrom did really get distributed among all the members of the co-operatives. It is clear that the efficient working of the powerlooms does not depend merely on the powerlooms as such but on the ready availability of facilities for preparatory and finishing processes etc. which cannot be made available in all cases in rural areas. The gravitation of the looms to places near about the cities obviously followed the natural course in the prevailing circumstances. (Para 6.5).

(42) As the apprehensions of weavers and State Governments were being overcome and the initial process of implementation of the scheme was gathering momentum in some of the States, the scheme was discontinued. Thus, even in those States where the potentiality for the conversion of handlooms into powerlooms was strong, the conversion scheme was abruptly terminated and as a result, a very useful measure of helping the lot of the handloom weavers was denied to them. We recommend the revival of the scheme to benefit the handloom weavers in those societies which are located in the vicinity of main cities and towns where the required facilities are available. (Para 6.6).

(43) Powerlooms as such play at present only a complementary role to the textile mills in the matter of supply of cloth, although powerloom products have to compete with the mill products in the cloth market. (Para 7.1).

(44) The handicap suffered by powerlooms in the matter of yarn prices as compared with the mills is between 21 and 28 per cent. This was the extent of handicap at the time of the costing of the units in the middle of 1963. (Para 7.4).

(45) The Committee has been informed that, in some centres, weavers attempt to increase the yardage production by reducing picks despite deterioration in quality as larger yardage per loom shift in the case of looms subject to the compounded system of excise levy means less incidence of excise levy per yard. This has been admitted as an unhealthy practice. (Para 7.6).

(46) Taking an overall picture in the country as a whole, the average shift working of the powerlooms could be assumed at 1.5 per day of 8 hours per shift. (Para 7.6).

(47) Powerloom establishments in their working fall under four broad classifications :—

- (1) Owner operated units—mostly single looms.
- (2) Units operated both by owners and hired labour.
- (3) Operated exclusively by hired labour.
- (4) Units rented out on monthly payment basis. (Para 7.7).

(48) The first two categories are generally owned by traditional weavers who have switched over from handlooms to powerlooms as also weavers coming out from textile mills who had started their own weaving establishments. Hired labour is employed in these establishments wherever family members are not available to work additional shifts. The working of the first two categories is largely household and domestic in character employing up to 4 looms where the return on capital is not distinguishable from the return on effort put in. The third and fourth categories have sprung up as purely commercial enterprise and function as such although in a number of cases they are shown as small units with independent existence and ownership. The excise disparities have contributed to their growth inducing both middlemen and financiers to enter the field purely in expectation of higher return on investment available in their working. This category also includes the big sized weaving factories mostly owned as partnership or private or public limited companies formed as a medium or large scale industrial enterprise a number of years ago when the powerlooms were not within the excise fold. (Para 7.7).

(49) The earning of a powerloom weaver owner or a paid weaver is Rs. 100 per month or above in several of the principal centres accounting for about two-thirds of the total number of powerlooms. In other centres accounting for one-third of the total number of powerlooms, it varies from Rs. 50 to 90 per month. The weighted average earning for the total number of powerlooms for which data have been collected comes to Rs. 86.50 per month. The gross return to the owner may be around Rs. 75 per month (Para 7.10).

(50) In certain centres representations were made to us that even the powerloom sector would like to instal automatic looms. We do not, however, visualise that, in the present context; with the

powerloom establishments working with old type and discarded looms, the transformation to the adoption of automatic looms could take place in any foreseeable period. (Para 7.12).

(51) Overall the "wage" element in the cost of production in the powerlooms may be assumed at round about 50 per cent of the cost in the mills even allowing for the lower productivity on the powerlooms. The element of power and fuel in the total cost of production in the powerlooms is more or less the same as in the mills. The repair cost in powerlooms is much less than in the textile mills. There is not much of a difference between the mills and the powerlooms in regard to depreciation. The expenditure on sundry expenses and overheads in the powerloom establishments is almost 400 to 500 per cent of that in mills. It has been explained to us that the interest charges incurred by the powerloom establishments are heavy which is one of the factors for the high incidence of overheads in the powerloom sector. (Para 7.12 and 7.13).

(52) Unlike the textile mill industry, powerlooms being largely decentralised, quite a number of factors come into play pushing or reducing the cost from unit to unit. This makes it difficult to determine a centralised pattern which could be applied uniformly to the powerloom establishments according to the different size groups. The cost study, however, has shown certain indicators which will hold good only for an overall assessment and will not be suitable for individual application. Taking together the elements of cost excluding "wages" in the "manufacturing charges" according to the above cost data, the net handicap suffered by the powerlooms *vis-a-vis* the mills is about 25 per cent. On an overall basis, as compared with mills, the powerlooms suffer a handicap of 25 per cent in the "yarn cost" 25 percent in the "manufacturing charges" excluding "wages" and an advantage of 50 per cent in "wages". The net handicap suffered by the powerlooms at the production end will be 8 per cent *vis-a-vis* the mills. (Para 7.13).

(53) It has been brought to our notice that several mills having modernised processing equipment, take over powerloom cloth and, after processing and stamping their own brand names, are able to market the same fabrics at prices more or less in comparison with the prices at which their own products are sold. This points to the need for the powerloom establishments to organise modernised processing facilities and also modernised methods of publicity and sales so that the advantages which are now being derived by the mills could also be obtained by the powerlooms. (Para 7.14).

(54) From what we could gather, the marketing disability for powerloom cloth including the consumers' bias may be assumed at about 10 to 12 per cent *vis-a-vis* the mills (Para 7.14).

(55) As a rough guide, we may take the overall handicap suffered by the powerlooms at about 18 per cent *vis-a-vis* the mills (Para 7.14).

(56) We are inclined to agree with the technical opinion placed before us that the economic size in the medium range of powerloom establishments should be between 24 and 36 looms. (Para 7.15).

(57) On balance of considerations, it would be in the interest of the bigger powerlooms units to get themselves either fragmented or converted into regular composite textile mills. (Para. 7·15).

(58) The remunerativeness of the working of small powerloom establishments depends on factors like location and varieties of cloth produced. (Para. 7·16).

(59) The big sized units are finding it difficult to continue working in view of the high rates of excise levy. (Para. 7·16).

(60) The Committee does not consider it proper that the Excise authorities, after deliberately allowing the excise concessions, should have taken indirect steps to penalise fragmentation by prescribing certain higher rates of excise duty in such cases. (Para. 8·10).

(61) We consider that *prima facie* the measure of protection given to the small powerloom units by way of exemption from excise levy should be such as to enable them to market their goods at competitive rates and obtain a reasonable margin as means of livelihood. The entire objective would get defeated if outsiders entered the field and appropriated the benefits of such concessions. (Para. 8·11).

(62) It appears that to a certain extent, instead of powerlooms establishing themselves on their own and then going in for financial and other assistance, textile mills, intermediaries and other financiers had, for their own advantage, set up small powerloom units in an unauthorised manner merely with a view to take advantage of the fiscal concessions involved. The growth of the powerloom sector in this manner cannot be considered as in any way normal or healthy. While we appreciate the normal role which the trade should play in the marketing of the powerloom cloth in the country, we do not consider that a fortuitous benefit should accrue to a class of intermediaries by whatever name they are called, particularly when it is a question of Government sacrificing revenues, nor would it be in the long term interests of the powerloom owners to reduce themselves to the position of wage earners. From the evidence available to the Committee, it is clear that the small powerloom owners/weavers are very much in the grip of these financiers and intermediaries and are being exploited and put to hardship. (Para. 8·11).

(63) The present definition of "independent processor" adversely affects those powerloom units which have their own processing equipment as excise duty is charged at full rates as for composite mills for fabrics processed by them. This has led to the closure of some powerlooms working in these units. We recommend that this should be remedied and these factories treated as independent processors. On the same analogy, we also recommend that independent sizing factories which have been given the concession of paying 80 per cent of the surcharge on sizing of yarn as applicable to mills, may be allowed the concession even if they work powerlooms and/or have other yarn processing operations. (Para. 8·14).

(64) We have come to the conclusion that the system of charging excise duty at different rates for different sizes of powerloom units and concessions allowed for small units had been a major factor in causing an unhealthy and undesirable distortion in the structure of the powerloom sector in the country. (Para. 8·19).

(65) We recommend that :—

(1) The existing exemption for powerloom establishments of 4 looms and below as also the levy on the larger powerloom establishments, whether at compounded rates or otherwise, may be discontinued and the incidence shifted as a higher duty at the two key points—yarn and processing—where excise surveillance will be more effective.

(2) Yarn in *hank form* upto and including 40s count (Nf 34) should bear no duty. This exemption is intended to assist the handloom weavers. Handlooms are already enjoying this concession. Yarn of and above 40s supplied in *hank form* should continue to enjoy concessional rates as at present. Cone yarn and yarn in all forms other than 'hanks' of all counts should be subjected to excise levy.

(3) A higher rate of duty on yarn delivered on sized beams, whether sized by the composite mills or independent sizing factories may be levied. This may be in the form of a surcharge over the duty on cone yarn. It should be easy and necessary to bring mechanised sizing factories under excise control.

(4) The existing system of charging processing duty on powerloom and handloom cloth may be continued. The rates may be increased suitably taking into account—

- (a) the complete abolition of excise duty either on compounded rates or on other basis for the powerloom establishments; and
- (b) the need for rationalising the excise rates so that different types of processing might bear different rates of duty, the rates themselves being higher for more sophisticated processing.

(5) With the above changes, the excise pattern on grey mill-made cloth may be revised to provide for the following :—

- (i) An increase in the excise levy on yarn to equate with the increased levy on yarn, which goes to the decentralised sector.
- (ii) A suitable reduction in the basic duty on grey cloth, the additional excise duty in lieu of sales tax being continued.
- (iii) Increase in the excise duty on different types of processing to provide for progressively increased rates for more refined processes after taking into account the reduction in the basic duty for grey cloth.

(6) The excise duty on processing by the independent processors may also be correspondingly increased for the different types of processing with due provision for exempting an initial quantity and for charging reduced rates of excise for powerlooms and handlooms. (Para. 8.21).

(66) It is necessary that in relation to the future development of the industry, the role of excise levy should be clearly thought out.

In the lessons of the past, there is a sufficiently good basis for deciding the approach in regard to excise levy for the future. One of the lessons is that the rate and pattern of growth of the industry should not be left to be determined by the vagaries of excise levy but that, on the other hand, the excise policy itself should be so shaped as to subserve the objectives laid down in regard to the growth of the industry. There are two decisions implied in this. Firstly, in so far as excise levy as an instrument for raising revenue for Government, it should be employed like any other taxation measure with due reference to paying capacity and the differentials as between different sections of the industry should be so framed that the relative positions and internal structures of the sections are not disturbed. Secondly, in so far as the excise levy has to be employed as a means for realising certain developmental objectives, it should be so adjusted that it helps in achieving them. The Committee cannot at this stage go beyond stating the approach in these broad terms but it would recommend that this matter should be gone into by Government in relation to the recommendations we have made elsewhere in this Report in regard to the production targets and pattern of growth of the powerloom industry. (Para. 8·22).

(67) We do not consider that in the near future, raw material supply for art-silk looms could be made fully sufficient as scarcity conditions have themselves generated the growth of the powerlooms. (Para. 9·6).

(68) The existing policy of feeding the art-silk industry by the import of yarn under the Export Promotion Scheme has given a spur to the growth of the powerlooms. (Para. 9·9).

(69) Our estimate of the current total art-silk cloth production on the powerlooms is 630 to 650 million yards and the handloom production about 70 million yards. (Para. 9·11).

(70) We would place the estimate for rehabilitation and modernisation of the art-silk industry in its present size at about Rs. 40 crores. The pace of rehabilitation could be spread over to two Plan periods covering ten years. (Para. 9·12).

(71) The Export Incentive Scheme has served to give increasing stimulus to the production of art-silk fabrics and to their exports. (Para. 9·14).

(72) The ribbon manufacturing powerloom industry in the country is a compact organised and generally prosperous industry and the Committee considers that there is good scope for expansion subject to adequate supply of raw material. (Para 9·15).

(73) The Committee considers that it would be a good step to segregate the ribbon, tapes, braiding, labels and other similar powerlooms and allow free expansion of the industry as this sector is entirely distinct from cloth powerlooms. (Para. 9·15).

(74) The Committee does not consider that any conversion of these ribbon looms to cloth looms should be allowed. (Para. 9·15).

(75) The Committee suggests that purely with a view to watching the development of the tape, ribbon, lace, newar and similar powerlooms and assisting the industry whenever necessary, it would be advisable to have free registration of these looms and ensure, at the same time that they are nursed properly and given all the required help. The industry should be allowed to develop and seek its own level, Government authorities only coming in for registration without compulsion or restriction. (Para. 9·16).

(76) In the art-silk weaving sector, the analysis made by our study teams discloses that on an average a weaver gets Rs. 110 to Rs. 120 per mensem for working on powerlooms while the earning of an owner is about Rs. 50 per loom for two loom establishments, increasing to Rs. 70 per loom for four looms and even Rs. 125 per loom in larger units. (Para. 9·17).

(77) The Committee agrees with the suggestion that co-operative marketing facilities might be set up for marketing the production of art-silk weavers. (Para. 9·17).

(78) We do not consider that there is any advantage in developing the art-silk industry on a vertical basis by allowing the rayon spinners to set up their own looms. (Para. 9·18).

(79) A unit of four powerlooms may be considered as a fairly average sized unit to be worked by a weaver's family. (Para. 9·18).

(80) The picture of the art-silk weaving industry in future would be a cluster of art-silk powerlooms with technical and other services, finances, marketing, preparatory and post-weaving processes, preferably established on co-operative lines. (Para. 9·18).

(81) The working capital requirement for art-silk powerlooms may be placed at Rs. 4,000 to Rs. 5,000 per loom. We recommend that facilities for providing finance should be extended by the State Finance Corporations. Loans should also be made available under the State Aid to Industries Act. Alternative sources of financing should be commercial banks. (Para. 9·21).

(82) The investment in the art-silk powerloom sector is about Rs. 8 crores on looms. Including preparatory and processing facilities, the total capital investment may be estimated at about Rs. 16 to 17 crores. (Para. 9·21).

(83) We consider that it should be possible to bring as many varieties as possible of art-silk cloth under a scheme of standardisation so that both in the matter of exports and in internal consumption, these standards could serve to create confidence in the consumers about quality and durability. This would also emphasise the need for a machinery to ascertain the changes in the fashions and tastes of consumers so as to tune production to the changing tastes. (Para. 9·22).

(84) We do not agree with the view that the cotton textile mills should be debarred from using staple fibre and other man-made fibre yarn. (Para. 9·23).

(85) The Woollen powerloom industry cannot be considered as an owner-operated industry. Almost the entire weaving labour is hired and the owner of the establishment attends generally to the managerial and sales activities. This is a peculiar feature of this sector which distinguishes it from the cotton and art-silk powerloom sectors. (Para. 10·6).

(86) It was suggested that in the future expansion of the worsted spinning industry due consideration should be given to the needs of the small woollen powerloom establishments, by allowing them to set up their own spinning mills, preferably on co-operative lines. We agree with the suggestion. (Para. 10·7).

(87) The practice of composite or spinning woollen mills taking over the capacity in the small powerloom sector should not be permitted. (Para. 10·9).

(88) It would be to the advantage of the woollen powerloom industry if efforts were made to set up co-operative processing factories. (Para. 10·11).

(89) The studies of our team have shown that the profit per loom per shift per month varied from Rs. 107 to Rs. 357 depending on the types of fabrics produced and the continuity of working. The monthly earning of a weaver was assessed at Rs. 100 to Rs. 150. (Para. 10·13).

(90) Our estimate of the total requirement of looms every year till the end of the Fourth Plan would work out to an average of about 32,000. A phased programme for increasing the indigenous production of looms has to be drawn up linking it with the phased programme indicated for the installation of powerlooms in the handloom sector. (Para. 11·2).

(91) We do not see the need for placing restrictions on new entrants to the field of manufacture of powerlooms. (Para. 11·3).

(92) We consider that in order to provide technical guidance to the small scale factories in the matter of designing and fabrication of looms, suitable technical service guidance or assistance unit will be necessary. In this respect, the Textile Research Associations as also the small Scale Service Institutes in the different parts of the country could play a very useful part. We have proposed that the entire responsibility for the development of the decentralised sector of handlooms and powerlooms should be vested in the All India Handloom Board as reconstituted into a Statutory Body. This organisation should act as a co-ordinating authority, in the matter of ensuring that the necessary facilities are brought into existence in the different parts of the country for the supply of looms and loom parts to the decentralised sector. (Para. 11·4).

(93) Research in the matter of improving weaving techniques should be such as to fit in with the small scale nature of operation of the powerlooms and should not be focussed only on the application of modern automatic techniques which are conducive to centralised and mass production. (Para. 11·5).

(94) The estimate of powerloom cloth production currently lies between 1,000 and 1,100 million yards. This would mean that the balance of 2,050 to 2,150 million yards is accounted for as the production by the handloom sector. (Para. 12·7).

(95) Overall we may not visualise the planned target production of yarn being halted by shortage of spinning capacity in the country, as, with the abundant licensing of additional spindleage, even a part materialisation would go to fulfil the requirement. (Para. 12·8).

(96) Cloth production at the end of the current Plan may turn out to be only about 8,500 to 8,600 million yards, which would mean that during the remaining period of the Plan, the production should be stepped up by about 500 to 600 million yards. The mill cloth production might go up to 5,000 to 5,100 million yards from the current level of 4,850 million yards. There will still be a gap of 250 to 350 million yards which should be made up by stepping up the production of the decentralised sector. (Para. 12·9).

(97) While we do not discount the possibility of stepping up production to some extent by the handloom industry as it exists today, any large scale augmentation of production could be achieved only by a regulated transition of handlooms to powerlooms. (Para. 12·11).

(98) We recommend as an immediate measure that a policy announcement should be made that while every assistance would be given to set up additional looms that have been agreed to both in the composite mills and in the spinning mills, no further expansion in loomage in the mill sector is contemplated till the end of the Fourth Plan period. (Para. 12·12).

(99) We consider that the handloom sector should be enabled to step up its production by the process of installation of powerlooms and accordingly, recommend the installation of 10,000 powerlooms in the handloom sector being started immediately and the looms brought into production as far as possible during the remaining period of the current Plan on a priority basis. (Para. 12·12).

(100) We consider that the cotton production in the country may reach a level of a little over 70 lakh bales only by the end of the Fourth Plan under normal conditions. The total cloth production at the end of the Fourth Plan period would be 10,100 million yards worked out on the basis of availability of cotton. This figure might go up if larger imports are allowed. We recommend that the entire additional cloth production in the Fourth Plan period should be earmarked for production by the decentralised sector to give full benefit to the handloom weavers by a phased programme of replacement of handlooms by powerlooms. (Para. 12·13).

(101) For obtaining the extra production, the number of additional cotton powerlooms required will be about 60,000. (Para. 12·13).

(102) We visualise that the per capita availability of man-made fibre fabrics has to be raised to 4 yards from the Third Plan target of 1·8 yards. In terms of yardage, the increased production of man-made fibre fabrics in the Fourth Plan would be of the order of 1,500

million yards. Allowing for a 20 per cent production by the handlooms and for some of the fabrics being knitted, we consider that the loomage on the art-silk side will have to be expanded by at least about 40,000 powerlooms during the Fourth Plan period. (Para. 12·14).

(103) The total number of additional powerlooms both on art-silk and cotton which may be introduced in the handloom sector during the Fourth Plan period may be estimated at one lakh. We recommend that there should be a phased programme for getting these one lakh powerlooms installed half in the handloom co-operatives and the other half in the sector outside the co-operative fold. The phased programme should also keep pace with the increase in the supply of cotton yarn and man-made fibre yarn. (Para. 12·14).

(104) We recommend that the State-wise allocation of additional powerlooms to be introduced in the handloom in the co-operative sector and outside may be on the basis of the number of handlooms registered in the different States. The spinning capacity to feeding these cotton powerlooms should, as far as possible, be located round the clusters of powerlooms in the different parts of the country. (Para. 12·14).

(105) The total outlay per cotton powerloom including working capital, preparatory machinery and processing facilities is assessed at Rs. 10,000 and for art-silk powerloom Rs. 11,000 to Rs. 12,000. The total outlay therefore for the powerlooms to be installed as recommended by us would be of the order of Rs. 104 to 108 crores, half of which will require financing by Government. (Para. 12·15).

(106) The entry of the decentralised sector in a big way in the supply of cloth during the Fourth Plan should serve to exert a healthy influence to the advantage of the consumers. This is in addition to the many gains, social and economic, like diffusion of entrepreneurship and mobilisation of capital in the dispersed areas flowing from decentralisation of industrial activity. (Para. 12·16).

(107) We recommend that the production of dhoties and sarees by the textile mills may be pegged at 1963 level. (Para. 12·18).

(108) We also recommend that the production of coloured sarees should be reserved exclusively for handlooms. Small powerloom establishments with four looms and below at present are free to manufacture these sarees. It will be necessary to take positive measures for increasing the protection offered to those who would still continue to ply the handlooms by preventing the production of coloured sarees by the small powerlooms also whether they are in the co-operative fold or outside. We recommend that Government may take all the steps necessary to ensure that adequate facilities to obtain sized beams are provided within a period of three years for the weavers in Burhanpur, Malegaon and Jabalpur so that the powerlooms in these centres, whether in the co-operative sector or outside, simultaneously could change over to the weaving of fabrics other than coloured sarees. (Para. 12·18).

(109) The data in regard to employment on powerlooms are also significant. The employment provided in certain cases may be as much as 2·5 per loom and in others may be as low as 2 per loom

on an average working of 1·5 shifts in the country. Thus for 82,000 cotton powerlooms in the different parts of the country on the basis of 1·5 shifts working, the employment provided will range between 1·64 lakhs to 2·1 lakhs which includes the owners and men employed on preparatory equipment etc. but excludes the employment afforded in the processing of powerloom cloth, distribution and marketing. The employment provided by an art-silk powerloom may be assumed at about 2·3 on an average working of 1·75 shifts in the country. For 60,000 art-silk powerlooms on the basis of 1·75 shifts working the employments provided would range between 1·40 lakhs to 1·80 lakhs. (Para. 13·3).

(110) Our considered view is that the scope for setting up powerlooms in the rural areas with a view to providing rural employment and improving the economic condition of the rural population is at present rather limited. (Para. 13·10).

(111) We consider that construction of industrial estates of the type now being established in the country is likely to be an expensive proposition and the rents payable for the sheds may be found burdensome by the powerloom weavers. We suggest the alternative course of establishing common weaving sheds, preferably co-operatively owned. (Para. 13·11).

(112) The merchant-middleman is in a peculiarly strong position in this industry because he provides essential services of yarn supply, finance and marketing and it will not be easy to dispense with or displace him until efficient cooperatives or other agencies take over these functions. For the long-term growth of the industry on a self-reliant basis and on healthy lines, it will be necessary to re-fashion the structure of many of the existing economic relationships. The steps to be taken to achieve this object have been indicated in our recommendations in the appropriate chapters of this report. (Para. 13·13).

(113) A pattern of growth for the powerloom industry which seems to be feasible would be based on clusters of about 300 powerlooms each—not under one roof but in small units within convenient distance of one another—established in and around small towns; fed by yarn from a mill, preferably a co-operative spinning mill; sizing facilities being provided by a co-operatively owned sizing unit; finance being provided by either existing Banking institutions or special Powerloom corporations; processing establishments again preferably co-operatively owned; and marketing arrangements (not necessarily co-operative) which do not operate to the detriment of the powerloom weaver. (Para. 13·15).

(114) For another important reason also viz., the availability of yarn, watch will have to be kept over the rate of growth of powerloom industry. We recommend that installation of looms on cotton or art-silk without any registration by the Textile Commissioner should be entirely at the risk of the parties who instal the looms and Government should publicise that in the event of looms being installed, no Governmental assistance by way of ensuring supply of yarn should be expected. Further, till such time as the man-made fibre yarn supply in the country catches up and becomes available in sufficient quantities, application for registration of powerlooms

to be employed on art silk yarn should be scrutinised by the Textile Commissioner and registration allowed only at his discretion after satisfying himself about the availability of raw material. (Para. 13·16).

(115) However, looking ahead over a period of the next ten or twelve years, powerlooms are likely to continue to be a part of the country's industrial economy and their growth should be planned as a part of the overall strategy of development. (Para. 13·17).

(116) The emphasis in the developmental schemes for the handloom industry has so far been largely governed by the overall limitation that handloom should continue to be handloom. We have however now come to a stage where, unless as a matter of policy, Government would embark on a large scale scheme of giving the handloom weavers a more efficient instrument of production to improve their lot, the efforts and moneys spent from the Exchequer for the different measures of amelioration of the conditions of the weavers would largely be set at nought. (Para. 14·3).

(117) We recommend removal of control in regard to acquisition, installation etc. of powerlooms in the decentralised sector as these have proved ineffective and resulted in several malpractices. (Para. 14·4).

(118) We recommend a registration scheme under which powerlooms may formally be registered on payment of a fee. (Para. 14·4).

(119) While in the case of cottonlooms application for registration when made will be admitted and registered as a formal measure on payment of the fee as prescribed, the Textile Commissioner may be given the discretion to refuse registration in the cases of art silk looms depending on the supply position of art silk yarn. So also conversion of cotton looms into art silk looms may be allowed to be registered only at the discretion of the Textile Commissioner. Installation of looms on cotton or art silk without any registration by the Textile Commissioner should be entirely at the risk of the parties installing them. Government should publicise that, in the event of looms being installed no Governmental assistance by way of supply of yarn etc. should be expected. (Paras 14·5 and 13·16).

(120) The existing controls and other regulations for the installation and working of woollen powerlooms may be continued and their administration made more effective. (Para. 14·6).

(121) We consider that the scope of the studies on the handloom industry at present undertaken should be expanded to cover powerlooms also. (Para. 14·7).

(122) As registration of powerlooms will be freely allowed and will not also be compulsory, it will be necessary to introduce a biennial census of powerlooms and handlooms to enable collection of relevant data. (Para. 14·8).

(123) While we generally agree with the pattern of assistance adopted for the conversion of handlooms into powerlooms under the old scheme, we suggest that the conditions for installation of the

the looms should be modified in terms of our recommendations and the working capital provided should also be suitably increased. We also recommend that in regard to the looms already installed under the conversion scheme, the amount of working capital should be raised as recommended in this report. (Para. 14·9).

(124) We consider that in order to make this transformation of handlooms to powerlooms take place effectively and in a meaningful and satisfying manner, the All India Handloom Board should be made responsible for the implementation of the scheme of replacing the handlooms by powerlooms as recommended by us as also for the task of ensuring that the handlooms and the existing powerlooms maintain and improve their production. (Para. 14·11).

(125) We recommend that the All India Handloom Board should be made into a statutory body and charged with all the functions indicated in our report and provided with the required funds so as to be able to work with a budget of its own. In consultation with this Body, the State Governments should work out the organisational set up at the States' level for the purpose of successful implementation of the schemes relating to each State. (Para. 14·12).



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ANNEXURE I
QUESTIONNAIRE
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
New Delhi, the 8th January 1963.

RESOLUTION

No. 10(2)TEX(C)/62.—The Government of India have decided to set up a Committee to enquire into the problems of the Powerloom Industry. The terms of reference of this Committee will be :—

- (i) to examine the structure and growth of the powerloom industry with special reference to the types, holdings, ownership, appliances, supply of raw material, sorts of fabrics produced, processing of fabrics, marketing, financing and other factors relating thereto;
- (ii) to examine the remunerativeness of the powerloom industry taking into account the costs of production and efficiency of working and the conditions of workers ;
- (iii) to consider the relative role to be played by the powerloom industry *vis-a-vis* that of the handloom and mill industry and to recommend targets of production ;
- (iv) to account for the phenomenal growth of unauthorised powerlooms in the past and devise means to prevent future unauthorised expansion ;
- (v) to examine the desirability and scope for the conversion of handloom co-operatives into powerloom co-operatives; and
- (vi) to make suggestions for the establishment of the powerloom industry on a stable footing within the field of operation which should be allotted to it.

2. The composition of the Committee will be as follows :—

- (1) Shri Asoka Mehta, 16, Golf Links Road, New Delhi Chairman.
- (2) Shri A. R. Bhat, M.Com., M.L.C., President of the Federation of Associations of Small Industries of India, and the Chairman of the Small Scale and Cottage Industries Sub-Committee of the Advisory Council of Industries, Maharashtra, 256 Sadashiv Peth, Poona-2. Member.
- (3) Shri G. K. Devarajulu Naidu, Southern India Millowners Association, Coimbatore. Do.
- (4) Nawab Aizaz Rasool, Vice President, Uttar Pradesh Industrial Co-operative Association, Lucknow. Do.
- (5) Dr. D. K. Malhotra, Joint Secretary, Planning Commission, New Delhi. Do.
- (6) Shri M. Somappa, President, All India Handloom Marketing Co-operative Society, Bombay. Do.
- (7) Shri K. R. Aravamuthan, Director (Economics & Statistics), Office of the Textile Commissioner, P.B. No. 10004, Bombay. Member-Secretary.

3. The Chairman may specially invite other persons connected with the Textile Industry to attend the meetings.

4. The Committee is requested to forward its report to Government within a period of six months.

ORDER

Ordered that a copy of this Resolution be communicated to all State Governments/Union Territories/Office of the Textile Commissioner, Bombay and to all concerned.

Ordered also that the Resolution be published in the Gazette of India for general information.

(D. K. SRINIVASACHAR)
Joint Secretary to the Government of India.

ANNEXURE I—*contd.*

INSTRUCTIONS

1. The questionnaire is in two parts : Part I is a general questionnaire to be answered by all, while Part II is a schedule for collecting statistical information and is to be filled in by powerloom associations, factories, establishments, processing units and others in a position to give the required factual data.

2. Please confine your answers to matters with which you are directly acquainted and on which you are in a position to supply detailed evidence.

3. Answers should refer to some definite area which should be clearly specified in each case such as village, taluk, town, district and State.

4. In some questions answers require the filling up of statistical tables. Wherever such figures are not available, please give details in percentages, if possible.

5. As far as possible each question may be answered on a separate sheet of paper.

6. Three copies of the replies to the questionnaire along with memoranda, if any, may be sent to the *Member-Secretary, Powerloom Enquiry Committee, Office of the Textile Commissioner, Mistry Bhavan, Dhinshaw Vachha Road, Churchgate, Post Bag No. 10004, Bombay, so as to reach him by 15th April 1963.*



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ANNEXURE I—*contd.*

PART I : General

1. Structure and Growth [Items 1—6]

1. Please give a brief account of the powerloom weaving industry in your area mentioning in particular the principal centres of the industry, the lines of production in each centre and the peculiarities of techniques adopted if any. In giving this please deal separately with :

- (a) Cotton Powerlooms;
- (b) Art Silk Powerlooms ;
- (c) Silk Powerlooms;
- (d) Woollen Powerlooms;
- (e) Others such as powerlooms employed for the manufacture of Tapes, Newar, Ribbon and Webbing. Please also indicate separately the number of powerlooms employed as in the proforma given below :—

Size of units	No. of looms	Employ- ed on cotton yarn	Employ- ed on art silk yarn	Employ- ed on silk yarn	Employ- ed on woollen yarn
1 to 4 looms . . .					
5 to 9 looms . . .					
10 to 24 looms . . .					
25 to 49 looms . . .					
50 to 99 looms . . .					
100 to 299 looms . . .					
300 and above . . .					
TOTAL . . .					

2. Please trace the changes, growth, if any, in the total number and structure of the powerloom industry in your area from time to time, as far as possible, on the 1st of April 1942, 1948, 1951, 1956 and latest. In giving this, please furnish in detail the various factors such as :

- (a) The changes in the number and size of units .
- (b) Consolidation or fragmentation in the ownership of powerlooms.
- (c) Sources of supply and arrangements for procurement of powerlooms, including replacement of parts.
- (d) Facilities available for manufacture and/or assembling of powerlooms including replacement of parts in and around your area (with as complete details as possible).
- (e) Sources of supply of power, whether from public supply undertaking or from specially installed electric, steam or other motive power generating units.
- (f) Special inducements going towards the establishment of powerloom units consequent on say, availability of power supply, facility for supplying local needs of cloth from the point of view of demand of particular varieties, rise of new markets in specially developed areas and any pronounced private entrepreneurship for setting up of these powerlooms on a small scale basis.

3. Please explain fully the reasons for fragmentation or consolidation of the powerloom units if any, in your area since 1951 and in particular, please deal with the comparative economics of working of small *v.s.-a-vis* large size units, impact of Excise Duty variations from time to time, adjustment of the pattern of production by the powerlooms to take advantage of any concessions for avoiding or minimising the impact of the fiscal levies.

4. If there have been frequent changes in the ownership of powerlooms in your centre, please give details of the factors which led to this phenomenon.

5. What proportion of the powerlooms in the powerloom industry in your area is being worked by self-employed owners and what proportion by hired weavers. Also please furnish information as to the different practices followed in the powerloom industry in your area for working of looms *viz.* letting out looms on rental basis, working of looms on benami arrangements, looms worked on co-operative basis, combined working under one factory shed by different owners for particular reasons such as the availability of electric power, pooling of wages, sales of products, technical supervision and other factors.

6. Please state particularly the extent of transformation of handloom weavers into powerloom weavers in your area, by individual initiative by replacement of handlooms by powerlooms as distinct from the introduction of the powerlooms in the handloom sector under Governmental policy.

2. Yarn Supply [Items 7 to 13]

7. What are the existing arrangements for purchasing of yarn by the powerlooms industry in your area? Are these arrangements made individually by each unit or collectively? To what extent are the powerlooms having direct arrangement with the textile mills for the regular supply of yarn of particular counts?

8. Please give details of different preparatory processes for making yarn fit for weaving. To what extent yarn in hanks, in cones, in sized beams, in weft pirns etc. is obtained by the powerlooms in your area?

(a) direct from the mills and (b) through the trade? Also please furnish the major counts/deniers of yarn consumed by the powerlooms in your area.

9. Please furnish details as to the difficulties, if any, experienced by the powerlooms in your area in obtaining yarn in sufficient quantities and at reasonable rates. What are your suggestions to remedy these difficulties?

10. Would you advocate a scheme of collective purchase of yarn by the powerlooms on a co-operative basis? Please give your observations on this suggestion in as complete a manner as possible.

11. Would you advocate introduction of decentralised small scale spinning units in order to facilitate ready supply of yarn to the powerlooms? In this connection, you may also please give your ideas about the organisation of the powerloom sector on a widely dispersed basis so as to take advantage of the availability of yarn supplies in case small scale spinning units are recommended to be installed widely in the different parts of the country.

12. Do you consider that the yarn required by the powerlooms (a) working on a cottage industry basis and (b) working as regular factories should be of the same quality or different from the yarn consumed by (a) Textile Mills and (b) Handlooms? Give reasons for your views and suggestions based on your experience. How far does the present system meet this need and in what directions, are changes necessary. Also please give your recommendations as to how far the establishment of co-operative spinning mills for powerlooms would secure a better arrangement?

13. What is the average consumption of yarn per powerloom per shift also the normal working of a powerloom per day—one shift, two shifts or three shifts and production per shift?

3. Production [Items 14—16]

14. Please furnish information on the pattern of production of cloth by the powerlooms in your area, tracing the changes in the pattern from time to time, traditional factors if any, governing the switch over from cotton to non-cotton or *vice versa* and specialization on production of particular varieties with reasons therefor. Pattern includes the types and varieties of cloth like dhoby, sarees, long cloth, mulls, voils, suitings etc.

15. Trace the activity of the powerlooms with reference to the working hours, looms lying idle, etc. during the recent few years and give in as complete a manner as possible the factors which had led to:

- (a) intensified utilisation of the powerlooms by increasing the working hours;
- (b) changes in working hours in shifts;
- (c) looms rendered idle, partially or fully in the powerloom establishments and methods and suggestions if any for ensuring the continued working of the powerlooms.

In giving this information please also state how far seasonal factors governing the demand of cloth have had their impact on the variations in the intensity of working of powerlooms during the last few years.

16. In view of the decentralised nature of the powerlooms in the country, what, in your opinion, would be the best method of ascertaining the production trends in the powerloom sector and the categorywise production in coarse, lower-medium, higher medium, fine and superfine ?

4. *Finishing and Processing* [Items 17—18]

17. What proportion of powerloom cloth produced in your area is processed by (a) independent processing units and (b) by textile mills ? What are the charges levied for each kind of processing and finishing—calendering, bleaching, finishing, dyeing and printing ?

18. Would you recommend the establishment of co-operative finishing plants where the powerlooms are concentrated; and if so, what will be the standard which you would set in regard to the minimum number of looms to be served by each finishing plant? In such a case also give the capacity of the finishing plant to be installed.

5. *Marketing* [Items 19—30]

19. To what extent is powerloom cloth sold in processed condition and in grey condition. What are the difficulties many, experienced by the powerloom industry in your area in obtaining dyes chemicals and other essential materials.

20. What are the marketing arrangements adopted in selling powerloom cloth produced in your area? To what extent, are powerlooms satisfying the local cloth needs of the consumers in your area? If powerlooms in your area are employed on weaving industrial and other fabrics tapes, newar, ribbon etc. please give the details separately for each.

21. What is the extent of competition offered by (a) handlooms and (b) mills in the marketing of powerloom cloth? Does powerloom cloth suffer from any handicap on account of this competition and if so, please furnish in detail the several factors which contribute to this handicap, remedial measures necessary etc. At what stage, does consumer resistance set in in so far as the marketing of powerloom cloth is concerned ?

22. What is the intrinsic price disparity between (a) powerloom and mill cloth and (b) powerloom and handloom cloth.

23. Would you consider it satisfactory for the powerloom industry to compete with the mills in the distant markets in the country or whether the powerlooms should as far as possible, confine themselves to cater to the local needs ?

24. What is the place of the powerloom sector in regard to the export market? What are all the products which are particularly suited for manufacture by the powerlooms for export to foreign countries. Please furnish your replies in as detailed a manner as possible and also indicate the steps that may be necessary to improve the position if you consider that powerlooms can play a very significant part in the export trade of the country.

25. Please furnish information as to the benefits or disadvantages experienced by the powerloom industry on account of the reservations made in the matter of production of particular varieties of cloth like dhoties, sarees, bandage cloth etc. in favour of handloom industry and small powerloom units. To what extent has the powerloom industry taken advantage of these reservations.

26. To what extent are powerlooms able to supply against Government including Defence needs. Please give your suggestions on particular item or items which you would recommend for specific allotment to the powerloom sector for such supplies.

27. The powerlooms are reporting periodical accumulation of stocks. Please give your experience and detailed reasons for this recurring phenomenon. Do you consider that the vicissitudes of the powerlooms are normally linked with.

(a) The handloom industry or

(b) The mill industry. If so, give detailed reasons.

28. What in your opinion is the normal stock which on account of the time-lag between production and sales should remain with the powerloom establishments? Do you consider that in this matter a distinction should be made between small powerloom establishments and the progressively larger powerloom establishments? If so, give your estimates for each of these tiers in the powerloom sector.

29. To what extent are the Power establishments able to ascertain the market demands, changes in tastes and fashions of the consumers and adjust their production to suit these changes? Please give your views and specific suggestion for improvements in this regard.

30. What are the measures necessary to insure standards of quality production by the powerlooms? Are there any arrangements at present in this regard? If not, would you advise setting up of standard specifications for this purpose as also an inspection machinery.

6. Finance [Item 31]

31. To what extent are the powerloom establishments in your area obtaining financing facilities from the bank and other financing institutions for working capital? What are the other normal sources available to the small powerloom owners for obtaining working capital finance? The role played by Multanis and other money-lenders may also be stated. Please also give the interest rates charged by the different agencies.

7. Working Conditions [Items 32—38]

32. Does the powerloom industry in your area provide full time employment to the workers? If not, please give in detail the extent of employment provided and subsidiary occupations of the workers. What in your opinion will be the role of this industry in the context of the expanding rural economy, availability of electric power, general improvement in the skill of workers and the normal expectation of better earnings by the rural artisans, agriculturists etc. Please also give your views in detail.

33. From your experience please state :

- (a) the monthly earnings of a self-operating powerloom weaver ;
- (b) the average wage per month earned by a powerloom weaver working as a wage earner;
- (c) the net earning per month of a weaver who works on a loom on hire or on lease ;
- (d) the net income per loom of an owner of a powerloom establishment having
 - (i) single looms,
 - (ii) looms upto 4, and
 - (iii) looms from five to twentyfour.

34. If the powerlooms are linked directly or indirectly or otherwise controlled by financiers or entrepreneurs including textile mills, please give the exact relationship (social and economic) between them and the powerloom workers. Please also give your views as to how the interest of the workers are affected by these arrangements. If a change-over is recommended, please suggest the pattern and the method to be adopted for securing such a change-over.

35. Please give your observations on the impact of working of powerlooms on the social, economic, health and other conditions of workers. How far will the organisation of the powerlooms industry on the basis of self-employed powerloom workers achieve a better social objective than at present? Reply may please be given in sufficient details.

36. In the set-up of the powerloom industry in your area, what are the prevailing conditions of working for workers, observance of factory regulations, amenities provided and particular occupational drawbacks or disabilities. Please also give concrete suggestions for improvement.

37. Do you consider that a large number of handloom weavers have found employment in the powerloom industry? Has there been a migration of powerloom workers for work in the textile mills or vice-versa? Please give as far as possible replies with factual data.

38. Do you consider that there is need for training of workers in the powerloom industry? If so, please offer your specific suggestions. How far are the training and service facilities provided by the Small Scale Service Institutes now being utilised by the powerloom sector?

8. Economics of Working [Items 39—44]

39. Please give briefly the economics of working of powerlooms—

- (i) under the co-operative sector;
- (ii) outside the co-operative sector classified under the following groups :—
 - (1) units having four looms or less;
 - (2) units having more than four looms but less than 25 looms;
 - (3) units having 25 looms and above but below 50;
 - (4) units having 50 and over but less than 100;
 - (5) units having 100 looms or more upto 300.

(NOTE.—If you consider that the above classifications are not properly representative, you may adopt any suitable revised classification giving reasons. In giving the reply please give the representative working results showing the cost of raw material, labour charges, overhead, maintenance and repairs, selling expenses, realisation etc. etc. A proforma (Annexure No. I) for this purpose is inclosed for guidance which you may amend or modify as you consider fit).

40. Please give for your co-operative powerloom factory the working results in the attached proforma (Annexure No. II) year by year for the last three years and also give separately the average earnings per loom from year to year, the average number of members in each weaver's household dependent on him and the special benefits by way of bonus, gratuity etc. allowed by your co-operative society to the weaver members.

41. Please give the State and local levies on the powerloom products and on the powerloom establishments working in your area. Also give in detail the contribution of the powerloom establishments to the finances of the local bodies and State Governments by way of taxes and levies.

42. It has been represented that "powerlooms in units of four and below" are causing a "menace to the economy of the authorised excise paying powerlooms". Please give your views on this statement substantiated by factual data as to the *inter-se* competition arising within the powerloom sector of units of different sizes and explaining how far this competition is healthy or otherwise viewed from the economy of the powerloom sector as a whole. Please also suggest remedial measures necessary in this respect.

43. (a) What in your opinion is the minimum economic size of powerloom establishment from the point of view of such factors as :

- (i) ensuring reasonable net return to the owner operatives;
- (ii) availability of finances needed for capital investment on powerlooms and for working capital;
- (iii) minimum feed necessary taking into account the preparatory and the finishing process for the cloth woven on the powerlooms;
- (iv) the marketability of the products including flexibility for change over in the pattern of production to suit the consumers' taste and demands from time to time.

(b) Please also give your views on the optimum size of a powerloom factory taking into account the economics of working with reference to the financial resources needed for capital investment, working capital, installation of preparatory processes, installation of post weaving processes, introduction of proper selling arrangements, assurances of minimum working conditions and earnings of the operatives with an assurance of a net reasonable return to the entrepreneur for his efforts and investments. This may please be worked out on the basis of the current pattern of excise levy and other factors. Details may please be furnished in as complete a manner as possible.

44. Do you consider that, as a matter of policy, to secure the stabilisation of the powerloom industry, units above or below certain specified size groups should be prohibited? Please give reasons. Please also give your views on the suggestion for the conversion of large-sized powerloom establishments into composite textile mills by providing facilities for installation of spindles.

9. *Future pattern of organisation* [item 45—47]

45. As between the textile mills and the powerloom sector, it has consistently been represented that the powerloom sector is at a disadvantage in the matter of economics of production on account of the powerlooms having to depend on the mills for supply of yarn. To what extent, in your opinion, is this disadvantage real and avoidable or unavoidable? In the long term interests of the economy of the country, would you, in case the handicaps suffered by the powerlooms are real and inherent in the set up of the sector itself, recommend re-organisation of the powerloom industry to place that industry on a better competitive position? You may also give your opinion on the continued functioning of the powerloom industry as a separate sector in the industrial set up of the country in case you find that the difficulties and the handicaps suffered by the industry are unavoidable and of substantial nature.

46. In the case of art silk industry, the existing weaving sector is decentralised and comprises mostly powerlooms. Would you advocate this pattern of development to be continued as an essential feature in the set up of the industry or would you advocate any drastic change in the pattern? In giving your observations, you may also please take note of the concentration of the art silk powerlooms already in some parts of the country and the effect on the employment position.

47. The woollen powerlooms are concentrated in particular areas. In addition, there are quite a number of composite mills spinning yarn and weaving into woollen fabrics. Would you, in this context, taking into account the availability of raw materials, the locational and seasonal factors governing the demand of woollen fabrics etc., recommend a pattern of organisation and development of the woollen weaving industry on a stable basis in the interests of the economy of the country?

10. *Conversion of handlooms* [items 48—52]

48. What has been the effect of the powerlooms working in your area on the employment, earnings and other aspects of the economics of working of the handloom industry. Has there been any reduction in the number of handlooms in this process.

In giving this answer, please deal with cases of handloom weavers themselves taking to powerlooms separately.

49. What has been the attitude of the handloom weavers towards employing power in weaving? Do you consider that the introduction of powerlooms is a normal evolutionary process for augmenting the earnings of the weavers by increasing the productivity. Please also give your observations on the relative merits of improving the productivity of handlooms by switch over to semi-automatic or pedal looms and by use of power.

50. Have there been cases of handlooms including pedal looms as such being operated by power by the introduction of specialised appliances like small motors etc., in your area and if so please give full details and the appliances employed for the purposes. Also please give information on the impact of this on increased productivity, the wages of the weavers, economics of working etc. with your broad observations on such developments.

51. How far would you recommend a phased programme of replacement of handlooms by powerlooms in the country as a policy and if you are in favour of such a recommendation, please furnish in detail the impact of such replacement on the employment position and earnings of the handloom weavers, keeping in view the need for ensuring maximum employment. What would then be your suggestions for a phased programme?

52. What has been your experience in regard to the scheme of introduction of powerlooms in the handloom sector for which a target of 35,000 powerlooms was fixed in the Second Five Year Plan? If this scheme of introduction of powerlooms in handloom sector has been implemented in your area, please furnish fully the results of the scheme in regard to the economics of working, earnings of the weavers, marketability of products and other relevant factors. Would you recommend in the light of the experience gained, the reorganisation of powerlooms on a co-operative basis, and whether such co-operative powerlooms should be confined only to the handlooms weavers or also to others?

11. *Unauthorised powerlooms* [items 53—56]

53. The number of registered cotton powerlooms having Tex marks was just over 27,000 and on non-cotton about 47,000. It has, however, been found that a very large number of powerlooms had come in without any valid permits. The figure of such unauthorised powerlooms is provisionally placed at even about 60,000 to 70,000, most of which is on cotton yarn. With reference to your area and your experience, please furnish the factors responsible for this phenomenal growth of unauthorised powerlooms and suggest in detail the measures necessary to prevent such unauthorised expansion in future. In giving your answer, please also indicate broadly the methods adopted, the inducements obtained and the gains derived in working such unauthorised looms and also the sources from which the looms were obtained.

54. If you consider that the differentiation in the matter of excise levy has been the major contributing factor for this unauthorised expansion, what remedial modification in the pattern of excise levy would you recommend?

55. Please furnish as briefly as possible the reactions and difficulties experienced in the matter of working of powerlooms including the regularisation of unauthorised looms, indicating specifically in what directions the powerloom industry would require assistance in procedural and executive matters.

56. Do you consider whether all these unauthorised powerlooms were actually existing as complete looms or whether some or substantial portion thereof were not actually in working condition? Please give your reply in as detailed a manner as possible.

12. *General* [items 57—60]

57. Has any survey of the powerloom industry in your area been carried out by official, non-official agencies in the past? If so, please furnish details if available.

58. Taking into account your own assessment of the productivity of the powerlooms the total number of looms in the powerloom sector and any likely expansion in the future the comparative disparities in the economics of working of powerlooms, handlooms and the mill industry, the pattern of consumption and changes in consumer's tastes and fashions and the export performance of the textile mill industry, handlooms and powerlooms please give in full details as to what is your idea about the relative role which the powerloom industry has to play in the economy of the country *vis-a-vis* handlooms and mill sector and what in your opinion should be a reasonable target of production which can be assigned to this sector?

59. To what extent in your opinion have the powerlooms combined themselves into Associations, Federations and other representative bodies. Please give suggestions on the healthy development in this direction.

60. If you consider that powerlooms should be given a significant role in the production of cloth, please give your suggestions on the steps to be taken for the establishment of the powerloom industry on a stable footing, giving also the future geographical basis of location of the industry, the organisational structure, the inter-relationship with the textile mills and the handloom sector and all other connected factors.

ANNEXURE No. I—*contd.*

(*Vide* Question No. 39)

ANNEXURE NO. I

ECONOMICS OF WORKING OF POWERLOOM UNITS

	1—4 looms	5—24 looms	25—49 looms	Above 49 looms
1. Year to which data given relate				
2. Number of powerlooms installed				
3. Average number of powerlooms worked				
4. Number of loomshifts worked				
5. Number of workers employed				
6. Production of cloth (in yards).				
7. Value of production (in Rs.)				
8. Expenditure in Rupees on				
(a) Yarn				
(b) Other raw materials				
(c) Sizing, beaming, winding and warping.				
(d) Salaries & allowances				
(e) Power				
(f) Rent				
(g) Repairs, Depreciation and Mill stores.				
(h) Other benefits to workers				
(i) Other expenditure				
(j) Total cost of production				
9. Excise duty				
10. Sale realisation				
11. Profit (+)/Loss(—)				
12. Average net earnings per loom shift				

(Vide Question No. 40)

ANNEXURE NO. II

WORKING RESULTS OF CO-OPERATIVE SOCIETIES

1. Name of the Co-operative Society	1959-60	1960-61	1961-62
2. No. of members			
3. N. of looms			
4. Share capital			
5. Reserve Fund			
6. Other reserves			
7. Borrowings at the end of the year			
8. Value of yarn consumed			
9. Value of cloth produced			
10. Quantity of cloth produced			
11. Wages			
12. Salaries etc.			
13. Power			
14. Depreciation			
15. Overheads			
16. Value of cloth sold			
17. Profits, if any, made			
18. Cumulative loss, if any, at the end of year			
19. Average earning per loom			
20. Average number of looms in a member's family			
21. Special benefits earned from the Society			

PART II

SCHEDULE TO BE FILLED IN BY POWERLOOM ASSOCIATIONS, FACTORIES, ESTABLISHMENTS, PROCESSING UNITS AND OTHERS.

1. Name and address of the Association
2. Date of formation
3. Aims and objectives of the association (please enclose copies of bye-laws of the association, if available)
4. Is the association a registered body? If so, give particulars
5. Number of members as on 1-1-1963 :—
 - (a) Individuals
 - (b) Establishments including partnership concerns
 - (c) Joint Stock Companies
 - (d) Private Limited Companies
 - (e) Co-operative Societies
 - (f) Others

TOTAL

POWERLOOMS

6. Number of Powerlooms with members as on 1-1-1963 classified according to holdings.

Size of unit	Cotton		Artsilk		Silk		Woollen		Others		Total	
	No. of units	No. of Power-looms	No. of units	No. of Power-looms	No. of units	No. of Power-looms	No. of units	No. of Power-looms	No. of units	No. of Power-looms	No. of units	No. of Power-looms
1	2	3	4	5	6	7	8	9	10	11	12	13
1 Loom												
2 Looms												
3 Looms												
4 Looms												
5-9 Looms												
10-24 Looms												
25-49 Looms												
50-99 Looms												
100-299 Looms												
300-Over												
TOTAL												

6.(a) No. of looms switched over for weaving to Artsilk from cotton and from cotton to Artsilk during each of the last 3 years 1960, 1961 & 1962. Similarly for woollen & silk looms. Please also state the difficulties, if any, faced in making such a switch over and the factors which have contributed to the switch over.

7. Number of powerlooms with members as on 1-1-1963 classified according to types and width.

Type	Width					Total
	Below 28"	28" & below 44"	44" & below 50"	50" & below 60"	60" & above	
1	2	3	4	5	6	7
(a) Standard Powerloom . . .						
(b) Cottage powerloom . . .						
(c) Pedal looms converted . . .						
(d) Looms employed on—						
(i) Tapes & Newar . . .						
(ii) Ribbons . . .						
(iii) Others . . .						
TOTAL . . .						

8. Number of powerlooms with members as on 1-1-1963 :

Without attachments	With Dobbies	With Jacquards	With Drop boxes	With other attachments	Total
No.					

9. Details of acquisition of looms in existence on 1-1-1963:

Mode of acquisition	Looms acquired prior to 1-4-1956	Looms acquired on 1-4-1956 or thereafter	Total
1	2	3	4
1. Purchased new			
2. Purchased second-hand from mills in working condition			
3. Purchased from others in working condition			
4. Purchased in parts and assembled			
5. Others			
TOTAL			

10. *Pattern of working of looms.*—Here all looms are classified according to ownership and agency for which they work into three categories ; (a) Owned and worked by the same agency ; (b) Owned by one agency and worked by it on job-basis for another ; (c) Owned by one agency but worked by another, on lease or hire.

Description	Cotton	Art Silk	Silk	Woollen	Others	Total
1	2	3	4	5	6	7
(A) Looms in independent-owned units.						
(a) 1—2 looms. . . .						
(b) 3—4 looms						
(c) 5—9 looms						
(d) 9—24 looms						
(e) 25—49 looms						
(f) 50—99 looms						
(g) 100 looms & over . .						
TOTAL						
B) Looms undertaking production on job-basis.						
a) 1—2 looms						
(b) 3—4 looms						
(c) 5—9 looms						
(d) 9—24 looms						
(e) 25—49 looms						
(f) 50—99 looms						
(g) 100 looms & over . .						
TOTAL						
(C) Looms on Rental or lease basis.						
(a) 1—2 looms						
(b) 3—4 looms						
(c) 5—9 looms						
(d) 9—24 looms						
(e) 25—49 looms						
(f) 50—99 looms						
(g) 100 looms & over . .						
TOTAL						
GRAND TOTAL						

(11) Average numbers of looms employed per day. •

Working	Hours per shift	In units having 1-4 looms			In units having 5-24 looms			In units having 25-49 looms			In units having 50 to 99 looms			In units having 100 looms and over			Total		
		1960	61	62	60	61	62	60	61	62	60	61	62	60	61	62	60	61	62
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Less than
one shift.

One Shift .

Two Shifts

Three Shifts

TOTAL

Idle

GRAND
TOTAL

EMPLOYMENT

In units having 1-4 looms			In units having 5-24 looms			In units having 25-49 looms			In units having 50-99 looms			In units having over 100 looms			Total		
1960	61	62	60	61	62	60	61	62	60	61	62	60	61	62	60	61	62

(A) No. of workers in pre-
paratory process :

(i) Males . .

(ii) Females . .

(iii) Children . .

TOTAL . .

(B) No. of workers in
weaving :

(i) Males . .

(ii) Females . .

(iii) Children . .

TOTAL . .

(C) No. of workers in post-
weaving process :

(i) Males . .

(ii) Females . .

(iii) Children . .

TOTAL . .

(D) In Supervisory, Clerical
and other jobs . .

GRAND TOTAL . .

13. Indicate the months falling in the busy season and these in slack season :
 14. Indicate the employment position of *weavers* during busy and slack seasons :

Busy Season
 Slack Season

	Busy Season			Slack Season		
	1960	1961	1962	1960	1961	1962
1	2	3	4	5	6	7
(a) Males						
(b) Females						
(c) Children						
TOTAL						

15. Wages :—

- (i) Normal mode of payment—piccework, daywork etc.
 (ii) Average rate of wages per month—
 (a) for weaver—male, female & children separately.
 (b) for assistants engaged in preparatory or finishing processes.

Give separately the monthly wage rates fluctuations, if any, in slack seasons and busy seasons :

16. Is there any other occupation followed by the proprietor (for single man proprietorship only). If so, give the nature of such occupations.

RAW MATERIALS

17. Please give the average monthly consumption of yarn (in lbs.)

Count	In units 1-4 looms			In units having 5-24 looms			In units having 25-49 looms			In units having 50-99 looms			In units having 100 looms and over			Total		
Denier																		
Grade																		
	1960	61	62	60	61	62	60	61	62	60	61	62	60	61	62	60	61	62
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19

18. Normal arrangements for procurement of yarn.

Mode of purchase	Yarn purchased in		
	1960	1961	1962
(a) Purchase from market			
(b) Purchase directly from mills			
(c) Supplied by mills or other agencies for weaving on a job work basis			
(d) Others (Specify)			
Total			

19. Packings in which yarn is purchased (in lbs.)

	1960	1961	1962
(i) Hanks			
(ii) Cones			
(iii) Unsized warp beams			
(iv) Sized beams			
(v) Pirms			
(vi) Others			
TOTAL			

20. Maximum and minimum prices paid during each year for yarn of different counts/deniers and in different packings.

Count Denier	1960					1961					1962				
	Ha- nk	Co- ne	Pi- rn	Warp beams	Sized beams	Ha- nk	Co- ne	Pi- rn	Warp beams	Sized beams	Ha- nk	Co- ne	Pi- rn	Warp beams	Sized beams
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
(Maximum) .															
(Minimum) .															

21. Dyes and Chemicals and other raw materials consumed. (Monthly average in Rupees)

1960

1961

1962

(Please give details of the main dyes and chemicals, sources of supply and maximum and minimum rates paid during each of the above three years).

22. Electricity and other motive power consumed :

Sources of supply and rate per unit :

If power, either electricity or steam is generated individually by use of coal, diesel oil etc. and cost is distributed to the looms worked in each shed, please give the net cost per loom shift working.

23. Production

Main types of cloth	1960					1961					1962				
	YARDS					YARDS					YARDS				
	Cot- ton	Art silk	Wool- len	Silk	Mix- ed	Cot- ton	Art silk	Wool- len	Silk	Mix- ed	Cot- ton	Art Silk	Wool- len	Silk	Mix- ed
<i>Cotton :—</i>															
1. Dhoties . . .															
2. Sarees . . .															
3. Mulls . . .															
4. Voiles . . .															
5. Sheeting . . .															
6. Drills . . .															
7. Shirting . . .															
8. Long cloth . . .															
9. Coating . . .															
10. Bedsheets . . .															
11. Others . . .															
<i>Non-Cotton :—</i>															
12. Satin . . .															
13. Crepe and half crepe															
14. Taffeta . . .															
15. Suitings . . .															
16. Uniforms cloth . . .															
17. Lohis . . .															
18. Blankets and Rugs . . .															
19. Others . . .															



सत्यमेव जयते

24. For some of the important varieties, give the following details :

	1960	1961	1962
1. Counts of warp × weft			
2. Reed × Picks			
3. Length × Breadth			
4. Weight per piece			
5. (a) <i>Cost of Materials per piece :</i>			
(i) Cotton Yarn			
(ii) Art Silk Yarn			
(iii) Silk			
(iv) Woollen Yarn			
(v)			
(vi)			

TOTAL .

1960 1961 1962

(b) *Power/Oil/Coal consumed per piece :*(c) *Cost of Labour per piece :*

- (i) Dyeing
- (ii) Preparatory
- (iii) Weaving
- (iv) Finishing
- (v) Miscellaneous

TOTAL .

- (d) Repairs, Depreciation, Stores
- (e) Overheads, rent, insurance etc.
- (f) Total cost of Production
- (g) Excise Duty*
- (h) Price recovered per piece
- (i) Retail price in the market as paid by the consumer or export price

*Please indicate the details of working this item.

25. (a) Please state requirements (giving the basis for the calculation) and actual supply of yarn in 1961 and 1962 :—

Cotton Mill Yarn	Counts of yarn/ Deniers	Requirements		Supply	
		1961	1962	1961	1962
Art Silk yarn . . .					
Woollen Yarn . . .					
Silk Yarn . . .					
Mixed Yarn . . .					
Others . . .					

- (b) If any particular brands of yarn are preferred, please state reasons for it.
- (c) Describe the problems arising in the supply of yarn and other raw materials.
- (d) Is it possible to improve the arrangement for yarn supply in such a way that yarn goes to the powerlooms at a cheaper price ? Please give your suggestions in detail.

26. *Investment:—*

(a) Please make an estimate of capital investment as follows :—

- (i) Current value of loom or looms.
- (ii) Current value of other equipments, if any (warping, sizing, doubling, oil and power, cora cutting, calendering machines and tools).
- (iii) Value of land and buildings (at present prices), if any, and/or rent per month.
- (iv) Any other capital investment.

Total.

(b) What was the year of original investment for each loom ?

(c) Please state total investment, net profits and turnover for the years 1960, 1961 and 1962. If possible, furnish the balance-sheets for these years.

	Total	Investment	Net profits	Turnover (Total Sales)
	Rs.	Rs.	Rs.	Rs.
1960				
1961				
1962				

(d) In the case of a Co-operative Society and Joint Stock Companies, please state number of members, share capital, reserve fund and borrowings from Banks and others for the last three years. If possible, furnish the balance-sheets for the three years.

	No. of members	Paid-up share capital	Capital Reserve Fund	Borrowings from Banks	Borrowings from others
1960					
1961					
1962					

(e) Please indicate the extent to which investment is :

	Borrowed	Owned	Total
(i) Personal investment			
(ii) Partnership			
(iii) Private Limited enterprise			
(iv) Co-operative Society			
(v) Any other			

27. Working Capital :—

	Period	Working capital required
(a) (i) What are the requirements of working capital (i.e. for purchasing yarn and other raw materials and marketing the products) for a normal period.		
(ii) What facilities exist for borrowing in cash or kind (e.g. advances of yarn) for the factory.		
(iii) What are the sources and extent of borrowing and the rate of interest charged.		

	Source of Loans	Amount	Rate of Interest
1960			
1961			
1962			

28. (a) Please describe the arrangements for marketing of the cloth manufactured.

(b) What varieties and volumes of production are consumed within the local area (Tehsil or Taluk) and what varieties and proportions are sent outside the local area ? Please specify the outside markets and the varieties sent to each.

(i) in 1960, 1961 and 1962.

(in yards)

Type of cloth											
A			B			C			D		
1960	1961	1962	1960	1961	1962	1960	1961	1962	1960	1961	1962

(a) Within the country

(i) Local Area

(ii) Outside Local Area

(b) Outside the country

(c) How many days' or months' stocks of yarn and cloth are held over normally ? Give figures of stocks of yarn and cloth for this period in lbs., yds., and Rs.,

29. (a) Have there been any significant changes in the types of cloth produced and counts of yarn used as in the recent years ?

(b) If you are producing coloured yarn sarees, is it possible for you to weave other varieties of cloth ? If not, please state reasons.

(c) What are the factors which offer inducement or discouragement to the increased production of powerloom cloth ? How far have the powerlooms utilised the restriction placed on output of mill cloth ?

30. Please explain the relationship (Social and economic) between :

(a) Factory owners and his workers,

(b) Was the factory owner originally a handloom weaver ? If so, was he an artisan masterweaver or mahajan.

What are the working conditions in general, and the sanitary and health conditions in particular ?

31. Is there scope for centralised modern units to undertake processing and finishing operations ?

(a) Please describe to what extent and in what form preparatory processes (e.g., winding, warping, sizing etc.) or finishing process (e.g., bleaching, calendering, baling etc.) are carried on in your area ?

(i) the factory, and

(ii) outside the factory.

(b) To what extent machinery is used in the above processes.

(c) Please mention the raw materials used in these processes, the nature and quality of materials and the sources of their supply.

32. A short historical account of the origin, development and present position of the powerlooms industry in the area :

33. Any other interesting information.

Signature

Place.....

Date.....

ANNEXURE—II

LIST OF ORGANISATIONS AND PROMINENT INDIVIDUALS WHO HAD SUBMITTED REPLIES TO THE QUESTIONNAIRE OR MEMORANDA

Andhra Pradesh :

- (1) Secretary to Government, Industries Department, Andhra Pradesh.
- (2) Director of Controlled Commodities, Andhra Pradesh.
- (3) Andhra Pradesh Master Weavers' Association, Guntur.
- (4) Telangana Regional Master Weavers' Central Association, Hyderabad.
- (5) Andhra Handloom Weavers' Co-operative Society, Vijayawada.
- (6) Hyderabad Handloom Weavers' Central Co-operative Association, Hyderabad.
- (7) Andhra Handloom Weavers' Congress, Nidubrolu.
- (8) Federation of Andhra Pradesh Chambers of Commerce and Industry, Hyderabad.
- (9) Dr. J. E. Stepanek, Consultant in Small Industry Development, Ford Foundation, Hyderabad.
- (10) Shri Ramchandrarau Kalyani, M.L.A., Narayanpet.
- (11) Shri G. Punnaiah, Guntur.

Assam :

Deputy Secretary, Industries Department, Government of Assam.

Bihar :

Director of Industries, Government of Bihar.

Gujarat :

- (1) Deputy Secretary, Home and Civil Supplies Department, Gujarat.
- (2) Under Secretary, Education and Labour Department, Gujarat.
- (3) Ahmedabad Millowners' Association, Ahmedabad.
- (4) Gujarat Vepari Mahamandal, Ahmedabad.
- (5) Gujarat Textile Processors' Association, Ahmedabad.
- (6) Ahmedabad Weaving Factories Owners' Association, Ahmedabad.
- (7) Surat Weaving Industry Central Development Committee, Surat.
- (8) Surat Chamber of Commerce, Surat.
- (9) Surat Weavers' Co-operative Producers' Society, Surat.
- (10) Surat Art Silk Cloth Manufacturers' Association, Surat.
- (11) Surat Vankar Sahakari Sangh, Surat.
- (12) Surat Weaving Association, Surat.
- (13) Surat Southern Region Small-Scale Powerloom Association, Chikli.
- (14) Surat District Industrial Co-operative Association, Surat.
- (15) Surat Art Silk Small Manufacturers and Exporters' Co-operative Society, Surat.
- (16) Cambay Sadi Manufacturers' Co-operative Society, Cambay.
- (17) Cambay Saree Manufacturers' Association, Cambay.
- (18) Jari Weavers' Association, Surat.
- (19) Surat Yarn Merchants' Association, Surat.
- (20) Shri Jayantilal Vakaria, Surat.
- (21) Surat Factory Workers' Union, Surat.
- (22) Surat Silk Mill Workers' Union, Surat.

- (23) Shri Asgaarally V. Gandhi, Rajkot.
- (24) Shri Nanubhai N. Patel, M.P., Surat.
- (25) Suvarna Karigar Mandal, Surat.
- (26) Ahmedabad Yarn Merchants' Association, Ahmedabad
- (27) Pure Silk Cloth Manufacturers' Association, Surat.
- (28) Handloom Weavers' Co-operative Societies of Ahmedabad District.

Kerala :

- (1) Secretary, Department of Industries and Commerce, Kerala.
- (2) Director of Industries and Commerce, Kerala.
- (3) North Malabar Chamber of Commerce, Kerala.
- (4) Shri P. Viswambharan, M.L.A., Trivandrum.
- (5) Representatives of Handloom Weavers Co-operative Societies to whom powerlooms have been allotted.
- (6) Citizens' Association, Trivandrum.
- (7) Shri P. Gopalan, M.L.A.
- (8) Shri P. Madhavan, M.L.A.
- (9) Cannanore District National Handloom Labour Union, Cannanore.
- (10) Labour Unions and managements of individual powerloom factories.

Madhya Pradesh :

- (1) Director of Industries, Madhya Pradesh.
- (2) District Industries Officers of Seoni, Mandla, Rajgarh.
- (3) Powerloom Industrial Co-operative Society, Burhanpur.
- (4) Co-operative Powerloom Owners' Association, Jabalpur.
- (5) Burhanpur Weavers' Union, Burhanpur.
- (6) Burhanpur Weavers' Co-operative Society Ltd., Burhanpur.
- (7) Shri Fakirchand Kapoor, Burhanpur.
- (8) Smt. Deshmukh, M.L.A., Burhanpur.
- (9) Shri Majumdar, Burhanpur.
- (10) Mayor, Jabalpur.
- (11) Powerloom Owners' Association, Jabalpur.
- (12) Mohammedan Weavers' Co-operative Powerloom Association, Jabalpur.
- (13) Shri K. P. Panday, M.L.A., Jabalpur.
- (14) Bunkar Committee, Jabalpur.
- (15) State Apex Weavers' Co-operative Society, Jabalpur.
- (16) Prof. Mishra M. P., Jabalpur.

Madras :

- (1) Secretary, Department of Industries, Labour and Co-operation, Madras.
- (2) Cotton Tape Weavers' Association, Tiruchirapalli.
- (3) Salem Handloom Cloth Manufacturers and Exporters' Association, Salem.
- (4) B. Komarapalayam Town Powerloom Association, Komarapalayam.
- (5) Komarapalayam Powerlooms Art Silk and Cotton Weavers' Association, Komarapalayam.
- (6) Komarapalayam Town Tapes, Lamp-wick and Braiding Thread Manufacturers' Association, Komarapalayam.
- (7) Southern India Handlooms and Industries Association, Madras.
- (8) Madras Yarn Merchants' Association, Madras.
- (9) Southern India Handlooms Converted Powerlooms Weavers' Association, Coimbatore.
- (10) Madura-Ramnand Chamber of Commerce, Madurai.

- (11) Tamil Nad Millowners' Association, Madurai.
- (12) Coimbatore Powerloom Owners' Association, Coimbatore.
- (13) Peelamedu Weavers' Co-operative Production and Sale Society Ltd., Peelamedu.
- (14) The Salem District Powerloom Art Silk Cloth Manufacturers' Association, Salem.
- (15) Art Silk Ribbon Manufacturers' Association, Komarapalayam.
- (16) Salem Handloom Cloth Manufacturers' Association, Salem.
- (17) Registered Small Scale Industries Owners' Association, Komarapalayam.
- (18) Ribbon Powerloom Workers' Union, Komarapalayam.
- (19) Handloom Carpet Manufacturers' Association, Erode.
- (20) Erode Handloom Cloth Producers' Association, Erode.
- (21) Dakshina Bharat Small Millowners' Association, Madurai.
- (22) Powerloom Cloth Manufacturers' Association, Madurai.
- (23) Handloom Textile Processors' Association, Erode.
- (24) Elampillai Powerloom Art Silk Cloth Manufacturers' Association, Elampilla.
- (25) Dharmapuri Handloom Weavers' Co-operative Production and Sale Society, Dharmapuri.
- (26) Powerloom Owners' Association, Ondiputhur.
- (27) Bharathi Powerloom Cloth Manufacturers' Association, Salem.
- (28) B. Basuviah Chetty Sizing Factory, Coimbatore.
- (29) Annupet Handloom Weavers' Co-operative Production and Sale Society Ltd, Salem.
- (30) Tamil Nadu (Madras State) Handloom Weavers' Co-operative Society Ltd., Madras.
- (31) Southern India Millowners' Association, Coimbatore.
- (32) Federation of Madurai Art Silk Handloom Cloth Manufacturers' Association, Madurai.
- (33) Madurai Yarn Merchants' Association, Madurai.
- (34) Praja Socialist Party, Salem.
- (35) Bharathiya Jana Sangh, Salem.
- (36) Arisipalayam Handloom Weavers' Co-operative Production and Sale Society Ltd., Salem.
- (37) Edappadi Kumarapalayam Small Scale Powerloom Cloth Industries Association, Salem.
- (38) Tamilnadu Handloom Weavers' Congress (Salem District Branch), Salem.
- (39) The Madras State Handloom Weavers' Congress.
- (40) Sowdambiaki Devangh Weavers' Co-operative Production and Sale Society Ltd., Coimbatore.
- (41) Ponnampet Handloom Weavers' Co-operative Production and Sale Society Ltd., Ponnampet, Salem.

Maharashtra :

- (1) Secretary to the Government, Industries and Labour Department, Maharashtra.
- (2) Commissioner of Labour and Director of Employment, Maharashtra.
- (3) Husain Silk and Art Silk Powerloom Owners' Association, Malegaon.
- (4) Shri Madhav G. Nattu, Bombay.
- (5) Sangli District Powerloom Owners' Association, Madhavnagar.
- (6) Ichalkaranji Powerloom Weavers' Association, Ichalkaranji.
- (7) Bombay Semi Powerloom Weavers' Association, Bombay.
- (8) Maharashtra Weavers' Sangh, Bombay.
- (9) Federation of Cotton Powerloom Association of Maharashtra, Bombay.
- (10) Powerloom Industries Association, Bombay.
- (11) Silk and Art Silk Manufacturers' Association, Bhiwandi.
- (12) The Malegaon Peoples' Textile Board, Malegaon.
- (13) Bhiwandi Textile Manufacturers' Association Ltd., Bhiwandi.

- (14) Bombay Millowners' Association, Bombay.
- (15) Maharashtra State Powerloom Board, Poona.
- (16) Maharashtra State Powerlooms Association, Bombay.
- (17) Silk and Art Silk Mills' Association Ltd., Bombay.
- (18) Bombay Powerloom Cloth Dealers' Association, Bombay.
- (19) Indian Cotton Mills' Federation, Bombay.
- (20) Bombay Piece Goods Merchants' Mahajan, Bombay.
- (21) Hindustani Merchants' & Commission Agents' Association Ltd., Bombay.
- (22) Maharatta Chamber of Commerce and Industries, Poona.
- (23) Maharashtra Chamber of Commerce, Bombay.
- (24) Khadi and Village Industries Commission, Bombay.
- (25) Yantramag Audyogik Sahakari Society Ltd., Ichalkaranji.
- (26) Dr. N. K. Kulkarni, Sangli.
- (27) Powerloom Workers' Union and Processing Workers' Union, Ichalkaranji.
- (28) The Ichalkaranji Textile Workers' Union, Ichalkaranji.
- (29) The Laxmi Co-operative Processor' Ltd., Ichalkaranji.
- (30) Central Co-operative Handloom Weavers' Association, Ichalkaranji.
- (31) Madhavnagar Powerloom Owners' Association, Madhavnagar, Distt., Sangli.
- (32) Shri G. L. Natu, Madhavnagar.
- (33) Small Powerloom Owners' Association, Bhiwandi.
- (34) Adarsh Powerloom Co-operative Society Ltd., Bombay.
- (35) West Khandesh Texmark Association, Dhulia.
- (36) Malegaon Textile Manufacturers' Association, Malegaon.
- (37) Bombay Yarn Merchants' Association and Exchange Ltd., Bombay.
- (38) Handloom Weavers' Committee, Bhiwandi.
- (39) Bharat Merchants' Chamber, Bombay.
- (40) Federation of All India Cotton Powerloom Association, Bombay.
- (41) Central Silk Board, Bombay.
- (42) Textile Processors' Association (India), Bombay.
- (43) Malegaon Sizing Owners' Association, Malegaon.
- (44) Shri Z. M. Kalantri, M.L.C., Bhiwandi.
- (45) Shri Haroon Ansari, M.L.A., Malegaon.
- (46) Malegaon Industrial Co-operative Association, Malegaon.

Mysore :

- (1) Joint Registrar of Industrial Co-operatives, Bangalore.
- (2) Secretary, Department of Labour, Mysore.
- (3) Cottage Industrial Powerloom Cloth Manufacturers' Co-operative Society, Doddaballapur.
- (4) Somavamsa Sahasrarajuna Kshatriya, Co-operative Society Ltd., Bangalore.
- (5) Mysore State Powerloom Silk Manufacturers' Co-operative Society Ltd., Bangalore.
- (6) Cotton, Silk and Rayon Textiles Co-operative Society Ltd., Doddaballapur.
- (7) Mysore State Cotton Handloom Weavers' Co-operative Society Ltd., Bangalore.
- (8) Reception Committee of the Small Scale Powerloom Units of Mysore State, Bangalore.
- (9) Mysore State Silk Handloom Weavers' Central Co-operative Society Ltd., Bangalore.
- (10) Mysore Provincial Silk Handloom Weavers' Co-operative Society Ltd., Bangalore.

Orissa :

- (1) Registrar of Co-operative Societies, Orissa.
- (2) Orient Weaving Mills (Private) Ltd., Cuttack, Orissa.

Punjab :

- (1) Director of Industries, Punjab.
- (2) Cottage Industries Association, Amritsar.
- (3) Powerloom Factories Association, Ludhiana.
- (4) Amritsar Small Scale Woollen Manufacturers' Association Ltd., Amritsar.
- (5) Workers' Powerloom Industrial Welfare Society, Ludhiana.
- (6) Textile Manufacturers' Association, Amritsar.
- (7) Northern India Lace Manufacturers' Association, Amritsar.
- (8) Federation of Handloom Association, Amritsar.
- (9) Shawl Merchants' and Manufacturers' Association, Amritsar.
- (10) Textile Traders and Master Weavers' Association, Ludhiana.
- (11) Shri Dina Nath Aggarwal, M.L.A., Ludhiana.

Uttar Pradesh :

- (1) Director of Industries, Uttar Pradesh.
- (2) Western U. P. Chamber of Commerce, Meerut Cantt., U. P.
- (3) Industrial Central Weavers' Co-operative Union Ltd., Khalilabad, Basti.
- (4) Powerloom Bunkar Union, Tanda.
- (5) *Ad Hoc* Advisory Committee of Powerloom Co-operatives, Uttar Pradesh.
- (6) Eastern U. P. Chamber of Commerce and Industry, Allahabad.

West Bengal :

- (1) Joint Director of Industries, West Bengal.
- (2) Commissioner of Labour, Calcutta.
- (3) West Bengal Powerloom Factories Association, Calcutta.
- (4) West Bengal Powerloom Co-operative Association, Calcutta.
- (5) West Bengal State Powerloom Co-operative Association, Calcutta.
- (6) Association of Small Powerloom Units of West Bengal, Calcutta.
- (7) Merchants' Chamber of Commerce, Calcutta.
- (8) Bharat Chamber of Commerce, Calcutta.
- (9) Powerloom Advisory Committee (Co-operative Sector), West Bengal, Calcutta.
- (10) Ashay Sahayak Silpa Kendra, Nadia.
- (11) Representatives of Nadia District Powerloom Factories.

Delhi :

- (1) Director of Industries, Delhi.
- (2) Delhi & Punjab Cotton Textile Millowners' Association, New Delhi.

Pondicherry :

Secretary, Planning and Development Department, Pondicherry.

Jammu & Kashmir :

Secretary, General Department, Jammu & Kashmir.

ANNEXURE--III

CENTRES VISITED BY THE COMMITTEE AND ITS STUDY TEAMS.

Dates of visit	Centres visited by the Committee
<i>Mysore</i>	
10th March to 13th March, 1963	1. Bangalore 2. Doddaballapur
<i>Madras</i>	
13th March to 17th March, 1963	1. Coimbatore 2. Somanur 3. Peelamedu 4. Komarapalayam 5. Madras
<i>Andhra Pradesh</i>	
17th March & 18th March, 1963	1. Hyderabad
<i>Punjab</i>	
1st April to 4th April, 1963	1. Amritsar 2. Ludhiana 3. Chandigarh
<i>Maharashtra</i>	
17th May to 24th May, 1963	1. Ichalkaranji 2. Madhavnagar 3. Sangli 4. Bhiwandi 5. Bombay City 6. Dhulia 7. Malegaon
<i>Gujarat</i>	
12th July & 13th July, 1963	1. Surat 2. Ahmedabad
<i>Madhya Pradesh</i>	
15th July to 18th July, 1963	1. Burhanpur 2. Jabalpur 3. Bhopal
<i>Kerala</i>	
26th August to 30th August, 1963	1. Trivandrum 2. Cannanore 3. Attingal 4. Kulathoor
<i>Madras</i>	
	1. Kovilpatti 2. Virudhunagar 3. Madurai 4. Salem
<i>Uttar Pradesh</i>	
18th November 1963	1. Lucknow
<i>West Bengal</i>	
19th November to 21st November, 1963	1. Calcutta and Suburbs

List of centres visited by Study Teams

<i>State</i>	<i>Centres</i>
Andhra Pradesh	Narayanpet Hydrabad
Gujarat	Surat
Kerala	Cannanore
Madhya Pradesh	Burhanpur Jabalpur Ujjain
Madras	Coimbatore Somanur Peelamedu Komarapalayam Madurai Virudhunagar Rajapalayam
Maharashtra	Ichalkaranji Malegaon Sholapur
Mysore	Bangalore Doddaballapur Anckal Halepalya
Punjab	Amritsar Ludhiana
Uttar Pradesh	Tanda
West Bengal	Calcutta and suburbs

ANNEXURE—IV

CATEGORIES OF CLOTH RESERVED FOR HANDLOOMS AND RESTRICTION ON PRODUCTION OF SAREES BY COMPOSITE MILLS AND POWERLOOM FACTORIES WITH FIVE OR MORE LOOMS

Textile Commissioner's Notification No. 9 (g)-Tex. I'49, dated Bombay, the 15th April, 1950

In exercise of the powers conferred on me by clause 20 of the Cotton Textiles (Control) Order, 1948, I hereby issue the following directions:—

- (i) These directions shall come into force on the 1st June, 1950;
- (ii) Directions 9(aa), 9(b) and (c) shall be complied with by all producers who have a spinning plant, Directions 9(d) and (f) shall be complied with by all producers who have no spinning plant. The remaining directions 2 to 8, 9(a), 9(e), 10 and 11 shall be complied with by all producers, that is to say, both by producers who have a spinning plant and those who have not;
- (iii) If a producer satisfies the Textile Commissioner or such officer as the Textile Commissioner may appoint in this behalf that there are sufficient reasons why such producer should be exempted from compliance with any or all of these directions or that any or all of these directions should be modified in their application to him, the Textile Commissioner or the Officer so appointed by him may, by an order in writing, exempt such producer from compliance with any or all of these directions or modify any or all of these directions in their application to such producer;
- (iv) These directions excepting direction No. 3 shall not apply:—
 - (a) to cloth manufactured for export and marked with export markings;
 - (b) to cloth which is produced on a powerloom in a Government institution and which is sold as Government property;
 - (c) to a producer who has less than 5 looms in his possession or under his control, but is not a producer who, whether by himself or in partnership or jointly with others, had 5 or more looms in his possession or under his control on 31st March, 1950.

2. *Dhoties*.—No producer shall produce a dhoti with borders exceeding $\frac{1}{4}$ " in width, containing coloured yarn, or use Zari or Muga or art silk yarn in a dhoti border.

Explanation.—The width of the border of a dhoti shall mean the total width measured from the extreme end of the selvedge of the fabric to the portion enclosed by the innermost coloured end inserted in the border.

3. *Lungis and Gumchas*.—No producer shall produce any Lungi, Sarong or Gumcha with a check pattern or any cloth with a check pattern and having width between 42" and 52" from which lungis, Sarongs or Gumchas may be made:

Provided that nothing in this direction shall apply to the production of bed ticking cloth or gadlapat cloth (i) which has no coloured or white patti border; (ii) which is made of warp and weft counts not higher than 18s.; and (iii) which has a reed and picks not higher than 48 and 44, respectively.

4. *Chaddars, Bed-sheets, Bed Covers and Counter-pane*.—

- (i) No producer shall produce any checked or striped chaddar;
- (ii) No producer shall produce any bed-sheet with coloured woven borders lengthwise or breadthwise;
- (iii) No producer shall produce any bed cover;
- (iv) No producer shall produce any counter-pane other than one having over all dobby or jacquard designs.

Explanation.—In this direction—

- (a) "Chaddar" means any piece of cloth which is normally called by that name and which is used in West Bengal for covering the body like a shawl;
 - (b) "Bed Sheet" means any piece of grey or bleached cloth which may be used for spreading over a bed and includes sheeting;
 - (c) "Bed Cover" means any outer covering of a bed which is not a counter-pane as defined below and which has a decorative or coloured effect;
 - (d) "Counter-pane" means any outer covering of a bed woven in raised figures.
5. *Low Reed Pick Cloth.*—No producer shall produce any cloth specified in sub-paragraphs (i), (ii) and (iii) below:—
- (i) cloth in group III with reed and picks less than 36 and 32, respectively;
 - (ii) cloth in groups IV, V and VI, with reed and picks less than 40 and 36, respectively;
 - (iii) cloth in group VII and above, with reed and picks less than 44 and 40, respectively;
 - (iv) Nothing in this direction shall apply to—
 - (a) dhoties and sarees.
 - (b) Suits.
 - (c) mosquito netting cloth.
 - (d) leno cloth,
 - (e) mesh cloth, and
 - (f) dyed and printed cloth.

Explanation.—The expression "group" or "groups" mentioned above has reference to the cloth group or groups specified in Schedule II to the Textile Commissioner's Notification No. T.C.S.I./20, dated the 22nd September, 1949.

6. *Table cloth and napkins.*—No producer shall produce any table cloth or napkins other than one of damask bleached quality.

7. *Dusters.*—No producer shall produce a duster or duster cloth or wiper cloth or glass cloth.

8. *Coarse cloth of plain weave.*—No producer shall produce cloth of plain weave with warp or weft counts 8s and below.—

9. *Saree.*—

- (a) No producer shall produce any saree with borders exceeding 2½" in width or use real or imitation zari in a saree border;
- (aa) No producer who has a spinning plant shall produce a saree with border of ½" or less in width and containing coloured yarn in its border unless he has previously sent to the Textile Commissioner a sample of such cloth of the dimensions of 6" × 6" and has received the Textile Commissioner's approval of such sample for bulk manufacture.
- (b) no producer who has a spinning plant shall use gold coloured yarn, art silk yarn in a saree border;
- (c) no producer who has a spinning plant shall use any coloured yarn in the body of a saree except in a heading thereof;
- (d) no producer who has no spinning plant shall produce a saree with a striped or check pattern in which coloured yarn is used;
- (e) no producer shall produce any saree with heading more than 9" in width;
- (f) no producer who has no spinning plant shall produce any saree in which the count of yarn is below 36s (whether warp or weft and whether single or folded).

Explanation I.—For the purposes of this direction, any type of mulls, voiles and dorias, each such item having a width between 37" and 54" (inclusive) shall be considered as sarees.

Explanation II.—The term "heading" in paragraph (e) of this direction means heading woven with coloured or grey yarn, and includes printed heading.

Explanation III.—For the purpose of measuring the border of a saree, the width of the border shall mean the total width measured from the extreme end of the selvedge of the fabric to the portion enclosed by the innermost coloured end inserted in the border provided that the width covered by the total number of coloured ends in the border shall be at least 50 per cent of the width of the border or $\frac{1}{8}$ " whichever is higher.

10. *Towels.*—

- (a) No producer shall produce towels or towelling cloth in honeycomb weave.
- (b) No producer shall produce any Erazha Thorthu.

Explanation I.—"Erazha Thorthu" means a towel of plain weave, commonly known by the name in the State of Madras and Kerala and made with 2 ply yarn both in the warp and weft produced in groups I to III (both inclusive).

Explanation II.—The expression "groups" mentioned above has reference to the cloth group specified in Schedule II to the Textile Commissioner's Notification No. T.C.S. I/20, dated the 22nd September, 1949.

- 11. No producer shall produce any mashru cloth, that is to say, cloth in satin weave with silk or rayon warp and cotton weft and having characteristic coloured stripes.



வாய்மையே வெல்லும்

ANNEXURE V

PRESS NOTES ON UNAUTHORISED POWERLOOMS

Press Note dated the 5th November 1960 issued by the Office of the Textile Commissioner, Ministry of Commerce and Industry, Branch Secretariat Bombay.

Owners of powerlooms engaged in the production of cotton, woollen, artificial silk and staple fibre fabrics were required to obtain registration certificates from the Textile Commissioner under the Textile Control Orders before a prescribed date. The installation of new powerlooms was at the same time prohibited except under a special permit issued by the Textile Commissioner.

2. While registration certificates related to the looms installed and/or working before 30th November 1956, the installation permits were granted only in the case of transfers of registered looms from one owner to another either by sale or under a lease deed. In view of the small number of powerlooms registered within the prescribed period, applications for registration were permitted even later on payment of a late fee of Rs. 10/- per loom. It was found, however, that many of the applications received related to powerlooms installed after 1956 without having obtained any permission from the Textile Commissioner. In order to ascertain the exact position, a census of all unregistered powerlooms was held by State Governments last year.

3. The installation of powerlooms without obtaining a permit from the Textile Commissioner is a contravention of the Textile Control Orders and the question of prosecution of the owners under the Essential Commodities Act, 1955, has been under the consideration of the Government. It has been represented that the prosecution of the offenders and the imposition of penalties will entail hardship to the large number of weavers engaged in these units. After careful consideration, the Government of India have decided that a lenient view may be taken by regularising the unregistered powerlooms through the issue of formal permits from the Textile Commissioner subject to certain conditions referred to below :

4. Accordingly the following decisions have been taken :—

- (i) All unregistered powerlooms which were declared in the census already held by the State Governments or which were in existence on the 31st October 1960, and were working with an excise licence issued before that date, shall be granted an opportunity to obtain a permit from the Textile Commissioner for continued operation under such conditions as may be prescribed by him.
- (ii) Every owner of an unregistered powerloom which was in existence on the 31st October 1960, should submit to the Textile Commissioner an application (in triplicate) in the prescribed form for a permit, so as to reach him by the 30th November 1960. The application should be accompanied by a certificate issued by the appropriate Central Excise Authority that the looms in question had been licensed under the Central Excise Rules before the 31st October 1960.
- (iii) Each application should be accompanied by a Treasury Receipt in respect of a fee at the rate of Rs. 500/- (Rupees Five Hundred) per unregistered powerloom. The Textile Commissioner may make a refund in the case of looms which were installed before 30th November 1956, and in respect of which an application for registration had been made with a late fee of Rs. 10/- per loom, if satisfactory evidence is adduced to show that the looms in question had been in the possession of the applicant before 30th November 1956.
- (iv) Unregistered powerlooms in respect of which applications for permit have not been received before 30th November 1960, under item (ii) above, will be sealed and their owners prosecuted for a breach of the Textile Control Orders. The penalties prescribed for such breaches include imprisonment and fine, besides confiscation of the looms.
- (v) The grant of permits to unregistered powerlooms will not entitle the owners to claim, as a matter of right, allotment of any quota of any indigenous or imported art silk/or other non-cotton yarn. They will, however, be able to avail themselves of any import entitlements for yarn which they may earn under the Export Promotion Scheme.

- (vi) In future, no new powerloom will be allowed to be installed except in cases where it is required for the purpose of imparting vocational training in any educational institution or for some other special purpose approved by the Textile Commissioner.

5. Suitable provisions have already been made in the Textile Control Orders restricting the sale, purchase, lease and/or installation of any powerloom without prior permission of the Textile Commissioner. This restriction applies to all Textile Mills and powerloom factories as well as to dealers in powerlooms and manufacturers of powerlooms who are warned that failure to obtain prior permission of the Textile Commissioner before the sale or the offer to sell or the purchase of any powerlooms or side frames of powerlooms will render them liable to prosecution, imprisonment and fine and confiscation of the powerlooms.

6. The above decision together with the details of the procedure for the issue of formal permits regularising the unregistered powerlooms and the prescribed form of application are being communicated forthwith by the Textile Commissioner to all State Governments, powerloom associations and other Chambers of Commerce and Trade Associations. The prescribed form of application for permit for unregistered looms may be obtained from these agencies or from the Office of the Textile Commissioner (Powerloom Branch) Hararwalla Building, Witter Road, Ballard Estate, Bombay-1.

Revised policy for Registration of Unauthorised Powerlooms—Press Note dated the 26th December, 1960.

The Government of India's policy regarding regularisation of the large number of unauthorised powerlooms in different parts of the country was announced in a press note issued on 5th November 1960. The principal condition for the issue of permits to the owners of such looms with a view to save them from the consequences of prosecution for contravening the Textile Control Orders was that a fee of Rs. 500/- was payable for each powerloom acquired or installed before 31st October, 1960, without a permit or registration certificate from the Textile Commissioner.

2. Several representations have been made to Government that this fee of Rs. 500/- per powerloom acquired and installed without permission was too heavy to be borne by the numerous owners running their looms on a small scale for their livelihood, particularly the owners of the tape and ribbon looms run on a cottage industry basis. On a careful review of the position, the following decisions of Government are announced :—

- (1) All powerlooms, including a pedal loom run with a small horse-power motor attached, producing wearable and non-wearable fabrics, acquired or installed on or before the 31st October 1960, without a permit under the Textile Control Orders, will be regularised by the issue of permits by the Textile Commissioner, on applications made to him in the prescribed form, which should be accompanied by a Treasury Challan for a fee of Rs. 100/- (one hundred) per powerloom. This fee might be paid in a lump-sum along with the application or in three instalments, Rs. 50/- being paid with the application and Rs. 25/- at the end of the first and second quarters respectively.
- (2) Powerlooms producing tapes, ribbons and newar acquired or installed before 31st October 1960 without a permit from the Textile Commissioner will be issued permits on applications made to him along with a fee of Rs. 25/- (twenty five) per tape/ribbon/newar loom to be paid in lump-sum with the application.
- (3) Persons who acquired or installed powerlooms before 31st October 1960 but had not put them into operation for one reason or the other, are permitted to apply for registration enclosing a certificate by the Collector of the District or the Local Superintendent of Excise certifying the existence of the loom, before that date, in the possession of the applicant.
- (4) No installation of any new powerloom shall be permitted even though the person may have applied to the Textile Commissioner before 31st October 1960, for permission to install it and had refrained from doing so.
- (5) The applications for registration should be accompanied by an Excise licence. The Excise authorities have been requested to issue such licences even though the applications for such licences were made after 31st October 1960, provided the Excise authorities were satisfied that the looms had been in existence before that date. In cases where the excise licences were issued in the names of persons other than the owners, the applications should be accompanied by a certificate from the Excise Authorities that the looms have been in the possession of the owners.

- (6) The time permitted for making applications for registration according to the press note issued earlier has been extended till the 15th March, 1961.
- (7) Applicants who had submitted applications before 31st October 1960 for registration of looms which were in their possession before 30th November 1956 and who have not been given registration certificates for want of satisfactory evidence about the existence of the loom before 30th November 1956, shall also submit fresh applications again, with the fees prescribed at (1) and (2) above. If it was established that the looms had been in existence prior to 30th November, 1956, the excess amount would be refunded.
- (8) Applications in regard to powerlooms in existence before 30th November, 1956 made after the 31st October 1960 should be accompanied by a fee of Rs. 100/- or at least by the first instalment of Rs. 50/- and, in the case of a tape, ribbon or newar loom by a fee in full of Rs. 25/- per loom; and if it was established that the loom had been in existence prior to 1956, the excess amount over Rs. 10/- would be refunded.
- (9) No application for the sale of newly registered looms shall be entertained for a period of two years from the date of issue of permit by the Textile Commissioner.
- (10) Powerlooms acquired or installed before 31st October, 1960 and in respect of which no application for registration is received by the Textile Commissioner in accordance with the above conditions before 15th March 1961, and powerlooms acquired without prior permission from the Textile Commissioner after 31st October 1960, shall be sealed by the authorities empowered to do so under the Textile Control Orders.

3. The Government of India wish to reiterate that the regularisation of the unauthorised powerlooms by the issue of permits is only by way of protection from prosecution of the owners for having contravened the Textile Control Orders. No new powerlooms are permitted to be installed in future.

Press Note Dated the 9th March 1961.

By two Press Notes issued on the 5th November, and the 26th December, 1960, the Government of India announced their policy regarding regularisation of the large number of unauthorised powerlooms in different parts of the country. The last date for submitting the applications for regularisation of unauthorised powerlooms was extended upto 15th March 1961. It is, however, observed from the number of applications received so far that the number of powerlooms covered by such applications is very much lower than the number of powerlooms declared in the census of unauthorised powerlooms held in 1959. An important condition was that the applications should be accompanied by a Certificate from the Central Excise Authorities or the District Collector that the looms in question had been in the possession of the owner on 31st October 1960. Several Powerlooms Owners' Associations have represented that a large number of applicants have been unable to obtain such certificates before 15th March 1961, and they have requested for extension of time by another two months. In order to enable the owners of unauthorised powerlooms to submit their applications alongwith the certificates or licences from the Excise Authorities, it has been decided to extend the last date for submitting the applications upto 15th May, 1961.

2. Powerlooms acquired or installed before 31st October 1960 and in respect of which no application for registration is received by the Textile Commissioner in accordance with the conditions laid down in the previous press notes, before 15th May 1961, and powerlooms acquired without prior permission from the Textile Commissioner after 31st October 1960, shall be sealed by the authorities empowered to do so under the Textile Control Orders and the owners of such powerlooms are liable for prosecution for contravening the Textile Control Orders. The owners of unauthorised powerlooms are, therefore, advised again in their own interest, to forward their applications in triplicate along with the Excise Certificates and Treasury receipt for the prescribed fee to the concerned Regional Offices of the Textile Commissioner under whose jurisdiction the powerlooms held by such owners are located before 15th May 1961, as no further extension in the time limit for submitting applications will be given under any circumstances.

3. Although the owners of unauthorised powerlooms have been advised to submit their applications to the concerned Regional Offices of the Textile Commissioner, a number of applications are still being sent to the Head Office of the Textile Commissioner at Bombay. It is,

therefore, reiterated that applications should be sent to the respective Regional Offices as shown below :—

Serial No.	Headquarters of Regional Office and Sub-Regional Office	Jurisdiction
1	2	3
1	Regional Office of the Textile Commissioner, "JYOTI", 287, Sion Road, King Circle, <i>Bombay-22</i> .	Maharashtra State and Madhya Pradesh.
2	Regional Office of the Textile Commissioner, Ahmedabad People's Co-operative Bank Building, Bhadra, <i>Ahmedabad</i> .	Gujarat State and Rajasthan State.
3	Regional Office of the Textile Commissioner, Krishnakunj, 113/210, Swaroopnagar, P. B. No. 9, <i>Kanpur</i> .	Kashmir, Punjab, Himachal Pradesh, Delhi and Uttar Pradesh.
4	Regional Office of the Textile Commissioner, "Stephen House", 4th floor, Dalhousie Square Street, <i>Calcutta</i> .	Assam, West Bengal, Bihar Orissa, Manipur, Tripura Andaman and Nicobar Islands.
5	Sub-Regional Office of the Textile Commissioner, 60/10 Edward Elliotts Road, Mylapore, <i>Madras-4</i> .	Andhra Pradesh, Madras State Pondicherry, Kerala and Mysore.

4. All refund applications, reminders and all further communications regarding unauthorised powerlooms should also be addressed to the Regional Offices concerned to whom all applications received in the Head Office have been forwarded.



सत्यमेव जयते

ANNEXURE VI

COMPARATIVE INCIDENCE OF EXCISE DUTY ON MILLS AND POWERLOOMS

(Np. per square yard/metre)

	Coarse		Medium B		Medium A		Fine		Superfine	
	55	63	55	63	55	63	55	63	55	63
Textile Mills . . .	4.68	8.50	4.68	11.70	4.68	14.70	9.37	31.50	17.18	44.90
Powerloom units										
4 loom units . . .	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9 loom units . . .	1.17	2.50	1.17	2.50	1.17	2.50	1.33	4.80	1.33	4.80
24 loom units . . .	1.86	3.90	1.86	3.90	1.86	3.90	2.16	8.40	2.16	8.40
49 loom units . . .	2.22	5.10	2.22	5.10	2.22	5.10	2.59	17.90	2.59	17.90
99 loom units . . .	2.40	6.86	2.40	9.26	2.40	11.51	2.79	24.11	2.79	34.16

The incidence of excise duty on powerloom cloth expressed as a percentage of the incidence on mill cloth would be.

Size of the units	Coarse		Medium B		Medium A		Fine		Superfine	
	55	63	55	63	55	63	55	63	55	63
4 looms	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9 looms	25	29	25	21	25	17	14	15	8	11
24 looms	40	40	40	33	40	27	23	30	13	21
49 looms	47	60	47	44	47	35	28	57	15	40
99 looms	51	*	51	*	51	*	39	*	16	*

(*Paying 75 per cent of the mill rate of excise duty both basic and additional plus the full handloom cess.)

In terms of the average ex-mill prices of cloth, the incidence in nP. per square metre for the mills and powerlooms will be.

(Figures in nP. per square metre)

	Average ex-mill price	Mills' rate	4 looms and less	9 looms	24 looms	49 looms
Coarse	50	8.5 (17%)	..	2.5 (5%)	3.9 (7.8%)	5.1 (10.2%)
Medium B	60	11.7 (19.5%)	..	2.5 (4.2%)	3.9 (6.5%)	5.1 (8.5%)
Medium A	75	14.7 (19.6%)	..	2.5 (3.3%)	3.9 (5.2%)	5.1 (6.8%)
Fine	125	31.5 (25.2%)	..	4.8 (3.8%)	9.4 (7.5%)	17.9 (14.3%)
Superfine	150	44.9 (28.1%)	..	4.8 (3.2%)	9.4 (6.3%)	17.9 (12.6%)

(Figures in brackets give incidence in percentage on the price of cloth).

ANNEXURE VII

LIST OF OFFICERS AND STAFF WHO ASSISTED THE COMMITTEE FOR FIELD STUDIES

1.	Shri T. V. Sundararajan	.	.	.	.	.	.	Deputy Director.
2.	„ R. Sathiamoorthy	.	.	.	.	.	.	Do.
3.	„ B. D. Mukherjee	.	.	.	.	.	.	Assistant Director.
4.	„ B. V. T. Iyengar	.	.	.	.	.	.	Do.
5.	„ V. Jegannathan	.	.	.	.	.	.	Do.
6.	„ P. G. Saraph	.	.	.	.	.	.	Investigator.
7.	„ Thakore	.	.	.	.	.	.	Do.
8.	„ C. B. Joshi	.	.	.	.	.	.	Do.
9.	„ S. V. Kulkarni	.	.	.	.	.	.	Do.
10.	„ P. A. Miranda	.	.	.	.	.	.	Do.
11.	„ G. S. Shetye	.	.	.	.	.	.	Do.
12.	„ A. D. Raje	.	.	.	.	.	.	Do.
13.	„ A. Parthasarathy	.	.	.	.	.	.	Do.
14.	„ Sahasrabuddhe	.	.	.	.	.	.	Do.
15.	„ G. D. Durai Raj	.	.	.	.	.	.	Economic Assistant,
16.	„ M. S. Mayya	.	.	.	.	.	.	Do.
17.	„ S. H. Inamdar	.	.	.	.	.	.	Do.

Committee's Secretariat Staff

1.	Shri A. P. Ramanathan	.	.	.	.	.	.	Superintendent.
2.	„ P. H. Joshi	.	.	.	.	.	.	Investigator.
3.	Kumari Chowbal	.	.	.	.	.	.	Economic Assistant,
4.	Shri V. C. Madhavan Namboodiri	.	.	.	.	.	.	Computer.
5.	„ K. Viswanathan	.	.	.	.	.	.	Steno-typist,
6.	„ K. B. Kshirsagar	.	.	.	.	.	.	Draftsman